

AN ACT

relating to the effect of tax increment financing by certain taxing units in the calculation of ad valorem tax rates for those taxing units.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subsections (b) and (d), Section 26.03, Tax Code, are amended to read as follows:

(b) This section does not apply to ~~[applies only to a taxing unit, other than]~~ a school district~~[, that is located in a county with a population of less than 500,000]~~.

(d) The portion of the tax increment of a taxing unit that the unit has agreed to pay into the tax increment fund for a reinvestment zone is excluded from the amount of taxes imposed or collected by the unit in any tax rate calculation under this chapter, except that the portion of the tax increment is not excluded if in the same tax rate calculation there is no portion of captured appraised value excluded from the value of property taxable by the unit under Subsection (c) for the same reinvestment zone.

SECTION 2. This Act takes effect January 1, 2004, and applies to the tax rate calculations under Chapter 26, Tax Code, for a taxing unit only for a tax year that begins on or after the effective date of this Act.

S.B. No. 657

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 657 passed the Senate on May 6, 2003, by the following vote: Yeas 31, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 657 passed the House on May 10, 2003, by a non-record vote.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor