

By: Veasey

H.B. No. 3202

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the powers and duties of the board of directors of a tax  
3 increment financing reinvestment zone and of the taxing units that  
4 impose ad valorem taxes on property in the zone.

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

6 SECTION 1. Section 311.010, Tax Code, is amended by adding  
7 Subsection (g) to read as follows:

8 (g) Chapter 252, Local Government Code, does not apply to a  
9 dedication, pledge, or other use of revenue in the tax increment  
10 fund for a reinvestment zone by the board of directors of the zone  
11 in carrying out its powers under Subsection (b).

12 SECTION 2. Sections 311.013(f) and (g), Tax Code, are  
13 amended to read as follows:

14 (f) The municipality that created the reinvestment zone is  
15 not required to pay into the tax increment fund for the zone any of  
16 its tax increment produced from property located in the zone as  
17 designated under Section 311.005(a) or in an area added to the zone  
18 under Section 311.007 except to the extent provided by the  
19 ordinance adopted by the governing body of the municipality in  
20 creating the zone, the ordinance or resolution adopted by the  
21 governing body of the municipality in enlarging the zone, or  
22 another ordinance or resolution adopted by the governing body of  
23 the municipality. A taxing unit, other than the municipality that  
24 created the zone, is not required to pay into the tax increment fund

1 any of its tax increment produced from property located in a  
2 reinvestment zone designated under Section 311.005(a) or in an area  
3 added to a reinvestment zone under Section 311.007 unless the  
4 taxing unit enters into an agreement to do so with the governing  
5 body of the municipality that created the zone. A taxing unit may  
6 enter into an agreement under this subsection at any time before or  
7 after the zone is created or enlarged. The agreement may include  
8 conditions for payment of that tax increment into the fund and must  
9 specify the portion of the tax increment to be paid into the fund  
10 and the years for which that tax increment is to be paid into the  
11 fund. The agreement and the conditions in the agreement are binding  
12 on the taxing unit, the municipality, and the board of directors of  
13 the zone.

14 (g) Subject to the provisions of Section 311.0125, in lieu  
15 of permitting a portion of its tax increment to be paid into the tax  
16 increment fund, and notwithstanding the provisions of Section  
17 312.203, a taxing unit, including ~~[other than]~~ a city, may elect to  
18 offer the owners of taxable real property in a reinvestment zone  
19 created under this chapter an exemption from taxation of all or part  
20 of the value of the property. To be effective, an agreement to  
21 exempt from taxation all or part of the value of taxable real  
22 property in a reinvestment zone created under this chapter must be  
23 approved by:

24 (1) the board of directors of the reinvestment zone;  
25 and

26 (2) the governing body of each taxing unit that  
27 imposes taxes on real property in the reinvestment zone and

1 deposits or agrees to deposit any of its tax increment into the tax  
2 increment fund for the zone [~~Any agreement concerning an exemption~~  
3 ~~from ad valorem taxes shall be executed in the manner and subject to~~  
4 ~~the limitations of Chapter 312; provided, however, the property~~  
5 ~~covered by the agreement need not be in a zone created pursuant to~~  
6 ~~Chapter 312. A taxing unit may not offer a tax abatement agreement~~  
7 ~~to property owners in the zone after it has entered into an~~  
8 ~~agreement that its tax increments would be paid into the tax~~  
9 ~~increment fund pursuant to Subsection (f)].~~

10 SECTION 3. This Act takes effect immediately if it receives  
11 a vote of two-thirds of all the members elected to each house, as  
12 provided by Section 39, Article III, Texas Constitution. If this  
13 Act does not receive the vote necessary for immediate effect, this  
14 Act takes effect September 1, 2005.