

By: Estes

S.B. No. 1336

A BILL TO BE ENTITLED

AN ACT

relating to the authority of a municipality with a population of less than 10,000 to enter into an agreement with an owner of real property in or adjacent to an area in the municipality that has been approved for funding under certain revitalization or redevelopment programs to prohibit ad valorem tax increases on the owner's property for a limited period.

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

SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.34 to read as follows:

Sec. 11.34. LIMITATION OF TAXES ON REAL PROPERTY IN DESIGNATED AREAS OF CERTAIN MUNICIPALITIES. (a) This section applies only to a municipality having a population of less than 10,000.

(b) Acting under the authority of Section 1-o, Article VIII, Texas Constitution, the governing body of a municipality, by official action, may call an election in the municipality to permit the voters of the municipality to determine whether to authorize the governing body to enter into an agreement with an owner of real property in or adjacent to an area in the municipality that has been approved for funding under the programs administered by the Department of Agriculture as described by Section 1-o, Article VIII, Texas Constitution, under which the parties agree that the ad valorem taxes imposed by any political subdivision on the owner's

1 real property may not be increased for the first five tax years  
2 after the tax year in which the agreement is entered into, subject  
3 to the terms and conditions provided by the agreement.

4 (c) If the authority to limit tax increases under this  
5 section is approved by the voters and the governing body of the  
6 municipality enters into an agreement to limit tax increases under  
7 this section, the tax officials shall appraise the property to  
8 which the limitation applies and calculate taxes as on other  
9 property, but if the tax so calculated exceeds the limitation, the  
10 tax imposed is the amount of the tax as limited by this section,  
11 except as provided by Subsections (f) and (g).

12 (d) An agreement to limit tax increases under this section  
13 must be entered into before December 31 of the tax year in which the  
14 election was held.

15 (e) A taxing unit may not increase the total annual amount  
16 of ad valorem taxes the taxing unit imposes on the property above  
17 the amount of the taxes the taxing unit imposed on the property in  
18 the tax year in which the governing body of the municipality entered  
19 into an agreement to limit tax increases under this section.

20 (f) Subject to Subsection (g), an agreement to limit tax  
21 increases under this section expires on the earlier of:

22 (1) January 1 of the sixth tax year following the tax  
23 year in which the agreement was entered into; or

24 (2) January 1 of the first tax year in which the owner  
25 of the property when the agreement was entered into ceases to own  
26 the property.

27 (g) If property subject to an agreement to limit tax

1 increases under this section is owned by two or more persons, the  
2 limitation expires on January 1 of the first tax year following the  
3 year in which the ownership of at least a 50 percent interest in the  
4 property is sold or otherwise transferred.

5         SECTION 2. This Act takes effect January 1, 2008, and  
6 applies only to ad valorem taxes imposed on or after that date, but  
7 only if the constitutional amendment authorizing the legislature to  
8 permit the voters of a municipality with a population of less than  
9 10,000 to authorize the governing body of the municipality to enter  
10 into an agreement with an owner of real property in or adjacent to  
11 an area in the municipality that has been approved for funding under  
12 certain revitalization or redevelopment programs to prohibit ad  
13 valorem tax increases on the owner's property for a limited period  
14 is approved by the voters. If that amendment is not approved by the  
15 voters, this Act has no effect.