

By: Estes

S.B. No. 1336

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the authority of a municipality with a population of  
3 less than 10,000 to provide that municipal ad valorem taxes imposed  
4 on real property in or adjacent to an area that has qualified for  
5 funding under certain revitalization or redevelopment programs not  
6 be increased for a limited period.

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

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

10 Sec. 11.34. LIMITATION OF MUNICIPAL TAXES ON REAL PROPERTY  
11 IN DESIGNATED AREAS OF CERTAIN MUNICIPALITIES. (a) This section  
12 applies only to a municipality having a population of less than  
13 10,000.

14 (b) Acting under the authority of Section 1-o, Article VIII,  
15 Texas Constitution, the governing body of a municipality, by  
16 official action, may establish a limitation on the total amount of  
17 municipal taxes that may be imposed on real property in or adjacent  
18 to an area that has qualified for funding under the programs  
19 administered by the Texas Department of Agriculture as described by  
20 Section 1-o, Article VIII, Texas Constitution.

21 (c) The tax officials shall appraise the property to which  
22 the limitation applies and calculate taxes as on other property,  
23 but if the tax so calculated exceeds the limitation established  
24 under this section, the tax imposed is the amount of the tax as

1 limited by this section, except as provided by Subsections (f) and  
2 (g).

3 (d) A limitation on municipal tax increases under this  
4 section must be established before December 31 of the first tax year  
5 after the tax year in which funding under the program administered  
6 by the Texas Department of Agriculture is initially approved for  
7 the designated area.

8 (e) The municipality may not increase the total annual  
9 amount of ad valorem taxes the municipality imposes on the property  
10 above the amount of the taxes the municipality imposed on the  
11 property in the tax year in which the governing body established the  
12 limitation on municipal tax increases under this section.

13 (f) Subject to Subsection (g), a limitation on municipal tax  
14 increases under this section expires on the earlier of:

15 (1) January 1 of the sixth tax year following the tax  
16 year in which the governing body establishes the limitation under  
17 this section; or

18 (2) January 1 of the first tax year in which the owner  
19 of the property when the limitation takes effect ceases to own the  
20 property.

21 (g) If property subject to a limitation on tax increases  
22 under this section is owned by two or more persons, the limitation  
23 expires on January 1 of the first tax year following the year in  
24 which the ownership of at least a 50 percent interest in the  
25 property is sold or otherwise transferred.

26 SECTION 2. This Act takes effect January 1, 2008, and  
27 applies only to ad valorem taxes imposed on or after that date, but

1 only if the constitutional amendment authorizing the legislature to  
2 permit a municipality with a population of less than 10,000 to  
3 provide that municipal ad valorem taxes imposed on real property in  
4 or adjacent to an area that has qualified for funding under certain  
5 revitalization or redevelopment programs administered by the Texas  
6 Department of Agriculture not be increased for the first five tax  
7 years after the tax year in which the limitation on municipal tax  
8 increases is established is approved by the voters. If that  
9 amendment is not approved by the voters, this Act has no effect.