

1-1 By: Estes S.B. No. 1336
1-2 (In the Senate - Filed March 7, 2007; March 19, 2007, read
1-3 first time and referred to Subcommittee on Agriculture, Rural
1-4 Affairs and Coastal Resources; April 23, 2007, reported adversely,
1-5 with favorable Committee Substitute from Committee on Natural
1-6 Resources by the following vote: Yeas 10, Nays 0; April 23, 2007,
1-7 sent to printer.)

1-8 COMMITTEE SUBSTITUTE FOR S.B. No. 1336 By: Estes

1-9 A BILL TO BE ENTITLED
1-10 AN ACT

1-11 relating to the authority of a municipality with a population of
1-12 less than 10,000 to enter into an agreement with an owner of real
1-13 property in or adjacent to an area in the municipality that has been
1-14 approved for funding under certain revitalization or redevelopment
1-15 programs to prohibit ad valorem tax increases on the owner's
1-16 property for a limited period.

1-17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-18 SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by
1-19 adding Section 11.34 to read as follows:

1-20 Sec. 11.34. LIMITATION OF TAXES ON REAL PROPERTY IN
1-21 DESIGNATED AREAS OF CERTAIN MUNICIPALITIES. (a) This section
1-22 applies only to a municipality having a population of less than
1-23 10,000.

1-24 (b) Acting under the authority of Section 1-o, Article VIII,
1-25 Texas Constitution, the governing body of a municipality, by
1-26 official action, may call an election in the municipality to permit
1-27 the voters of the municipality to determine whether to authorize
1-28 the governing body to enter into an agreement with an owner of real
1-29 property in or adjacent to an area in the municipality that has been
1-30 approved for funding under the programs administered by the
1-31 Department of Agriculture as described by Section 1-o, Article
1-32 VIII, Texas Constitution, under which the parties agree that the ad
1-33 valorem taxes imposed by any political subdivision on the owner's
1-34 real property may not be increased for the first five tax years
1-35 after the tax year in which the agreement is entered into, subject
1-36 to the terms and conditions provided by the agreement.

1-37 (c) If the authority to limit tax increases under this
1-38 section is approved by the voters and the governing body of the
1-39 municipality enters into an agreement to limit tax increases under
1-40 this section, the tax officials shall appraise the property to
1-41 which the limitation applies and calculate taxes as on other
1-42 property, but if the tax so calculated exceeds the limitation, the
1-43 tax imposed is the amount of the tax as limited by this section,
1-44 except as provided by Subsections (f) and (g).

1-45 (d) An agreement to limit tax increases under this section
1-46 must be entered into before December 31 of the tax year in which the
1-47 election was held.

1-48 (e) A taxing unit may not increase the total annual amount
1-49 of ad valorem taxes the taxing unit imposes on the property above
1-50 the amount of the taxes the taxing unit imposed on the property in
1-51 the tax year in which the governing body of the municipality entered
1-52 into an agreement to limit tax increases under this section.

1-53 (f) Subject to Subsection (g), an agreement to limit tax
1-54 increases under this section expires on the earlier of:

1-55 (1) January 1 of the sixth tax year following the tax
1-56 year in which the agreement was entered into; or

1-57 (2) January 1 of the first tax year in which the owner
1-58 of the property when the agreement was entered into ceases to own
1-59 the property.

1-60 (g) If property subject to an agreement to limit tax
1-61 increases under this section is owned by two or more persons, the
1-62 limitation expires on January 1 of the first tax year following the
1-63 year in which the ownership of at least a 50 percent interest in the

2-1 property is sold or otherwise transferred.

2-2 SECTION 2. This Act takes effect January 1, 2008, and
2-3 applies only to ad valorem taxes imposed on or after that date, but
2-4 only if the constitutional amendment authorizing the legislature to
2-5 permit the voters of a municipality with a population of less than
2-6 10,000 to authorize the governing body of the municipality to enter
2-7 into an agreement with an owner of real property in or adjacent to
2-8 an area in the municipality that has been approved for funding under
2-9 certain revitalization or redevelopment programs to prohibit ad
2-10 valorem tax increases on the owner's property for a limited period
2-11 is approved by the voters. If that amendment is not approved by the
2-12 voters, this Act has no effect.

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