

1-1 By: Miklos (Senate Sponsor - Wentworth) H.B. No. 1770
1-2 (In the Senate - Received from the House April 29, 2009;
1-3 May 4, 2009, read first time and referred to Committee on Economic
1-4 Development; May 21, 2009, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 5, Nays 0;
1-6 May 21, 2009, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 1770 By: Deuell

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the Tax Increment Financing Act.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 311.003(a), Tax Code, is amended to read
1-13 as follows:

1-14 (a) The governing body of a county by order may designate a
1-15 contiguous geographic area in the county and the governing body of a
1-16 municipality by ordinance [~~or the governing body of a county by~~
1-17 ~~order~~] may designate a contiguous or noncontiguous geographic area
1-18 that is in the corporate limits of the municipality, in the
1-19 extraterritorial jurisdiction of the municipality, or in both [~~in~~
1-20 ~~the jurisdiction of the municipality or county~~] to be a
1-21 reinvestment zone to promote development or redevelopment of the
1-22 area if the governing body determines that development or
1-23 redevelopment would not occur solely through private investment in
1-24 the reasonably foreseeable future. The designation of an area that
1-25 is wholly or partly located in the extraterritorial jurisdiction of
1-26 a municipality is not affected by a subsequent annexation of real
1-27 property in the reinvestment zone by the municipality.

1-28 SECTION 2. Section 311.012(a), Tax Code, is amended to read
1-29 as follows:

1-30 (a) The amount of a taxing unit's tax increment for a year is
1-31 the amount of property taxes levied and assessed by the unit for
1-32 that year on the captured appraised value of real property taxable
1-33 by the unit and located in a reinvestment zone or the amount of
1-34 property taxes levied and collected by the unit for that year on the
1-35 captured appraised value of real property taxable by the unit and
1-36 located in a reinvestment zone. The governing body of a taxing unit
1-37 shall determine which of the methods specified by this subsection
1-38 is used to calculate the amount of the unit's tax increment.

1-39 SECTION 3. Sections 311.013(c) and (i), Tax Code, are
1-40 amended to read as follows:

1-41 (c) Notwithstanding any termination of the reinvestment
1-42 zone under Section 311.017(a), a [A] taxing unit shall make a
1-43 payment required by Subsection (b) not later than the 90th day after
1-44 the delinquency date for the unit's property taxes. A delinquent
1-45 payment incurs a penalty of five percent of the amount delinquent
1-46 and accrues interest at an annual rate of 10 percent.

1-47 (i) Notwithstanding Subsection (c) and Section 311.012(a),
1-48 a taxing unit is not required to pay into a tax increment fund the
1-49 applicable portion of a tax increment attributable to delinquent
1-50 taxes until those taxes are collected.

1-51 SECTION 4. Section 311.017, Tax Code, is amended by amending
1-52 Subsection (a) and adding Subsection (a-1) to read as follows:

1-53 (a) A reinvestment zone terminates on the earlier of:

1-54 (1) the termination date designated in the ordinance
1-55 or order, as applicable, creating the zone or an earlier or later
1-56 termination date designated by an ordinance or order adopted
1-57 subsequent to the ordinance or order creating the zone; or

1-58 (2) the date on which all project costs, tax increment
1-59 bonds and interest on those bonds, and other obligations have been
1-60 paid in full.

1-61 (a-1) Notwithstanding the designation of a later
1-62 termination date under Subsection (a), a taxing unit that taxes
1-63 real property located in the reinvestment zone, other than the

2-1 municipality or county that created the zone, is not required to pay
2-2 any of its tax increment into the tax increment fund for the zone
2-3 after the termination date designated in the ordinance or order
2-4 creating the zone unless the governing body of the taxing unit
2-5 enters into an agreement to do so with the governing body of the
2-6 municipality or county that created the zone.

2-7 SECTION 5. (a) The legislature validates and confirms all
2-8 governmental acts and proceedings of a municipality or county that
2-9 were taken before the effective date of this Act and relate to or
2-10 are associated with the extension of the term of a reinvestment zone
2-11 created by the municipality or county under Chapter 311, Tax Code,
2-12 as of the dates on which they occurred. The acts and proceedings
2-13 may not be held invalid because they were not in accordance with
2-14 Chapter 311, Tax Code, or other law.

2-15 (b) Subsection (a) of this section does not apply to any
2-16 matter that on the effective date of this Act:

2-17 (1) is involved in litigation if the litigation
2-18 ultimately results in the matter being held invalid by a final
2-19 judgment of a court; or

2-20 (2) has been held invalid by a final judgment of a
2-21 court.

2-22 SECTION 6. This Act applies only to a taxing unit's tax
2-23 increment for a period occurring on or after the effective date of
2-24 this Act. A taxing unit's tax increment for a period occurring
2-25 before the effective date of this Act is governed by the law in
2-26 effect for such period, and the former law is continued in effect
2-27 for that purpose.

2-28 SECTION 7. This Act takes effect immediately if it receives
2-29 a vote of two-thirds of all the members elected to each house, as
2-30 provided by Section 39, Article III, Texas Constitution. If this
2-31 Act does not receive the vote necessary for immediate effect, this
2-32 Act takes effect September 1, 2009.

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