

By: Oliveira

H.B. No. 3896

Substitute the following for H.B. No. 3896:

By: Otto

C.S.H.B. No. 3896

A BILL TO BE ENTITLED

1

AN ACT

2 relating to the authority of the governing body of a municipality or  
3 the commissioners court of a county to enter into an ad valorem tax  
4 abatement agreement.

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

6 SECTION 1. Subchapter A, Chapter 312, Tax Code, is amended  
7 by adding Section 312.007 to read as follows:

8 Sec. 312.007. DEFERRAL OF COMMENCEMENT OF ABATEMENT  
9 PERIOD. (a) In this section, "abatement period" means the period  
10 during which all or a portion of the value of real property or  
11 tangible personal property that is the subject of a tax abatement  
12 agreement is exempt from taxation.

13 (b) Notwithstanding any other provision of this chapter,  
14 the governing body of a municipality or the commissioners court of a  
15 county, as applicable, that enters into a tax abatement agreement  
16 and the owner of the property that is the subject of the agreement  
17 may agree to defer the commencement of the abatement period until a  
18 date that is subsequent to the date the agreement is entered into,  
19 except that the duration of an abatement period may not exceed 10  
20 years.

21 SECTION 2. Section 312.402, Tax Code, is amended by  
22 amending Subsection (a) and adding Subsections (a-1) and (a-2) to  
23 read as follows:

24 (a) The commissioners court may execute a tax abatement

1 agreement with the owner of taxable real property located in a  
2 reinvestment zone designated under this subchapter or with the  
3 owner of tangible personal property located on real property in a  
4 reinvestment zone to exempt from taxation all or a portion of the  
5 value of the real property, all or a portion of the value of the  
6 tangible personal property located on the real property, or all or a  
7 portion of the value of both. [~~The court may execute a tax~~  
8 ~~abatement agreement with the owner of a leasehold interest in~~  
9 ~~tax-exempt real property or leasehold interests or improvements on~~  
10 ~~tax-exempt real property that is located in a reinvestment zone~~  
11 ~~designated under this subchapter to exempt a portion of the value of~~  
12 ~~tangible personal property or leasehold interests or improvements~~  
13 ~~on tax-exempt real property located on the real property. The~~  
14 ~~execution, duration, and other terms of an agreement made under~~  
15 ~~this section are governed by the provisions of Sections 312.204,~~  
16 ~~312.205, and 312.211 applicable to a municipality. Section~~  
17 ~~312.2041 applies to an agreement made by a county under this section~~  
18 ~~in the same manner as it applies to an agreement made by a~~  
19 ~~municipality under Section 312.204 or 312.211.]~~

20 (a-1) The commissioners court may execute a tax abatement  
21 agreement with the owner of a leasehold interest in tax-exempt real  
22 property located in a reinvestment zone designated under this  
23 subchapter to exempt all or a portion of the value of the leasehold  
24 interest in the real property. The court may execute a tax  
25 abatement agreement with the owner of tangible personal property or  
26 an improvement located on tax-exempt real property that is located  
27 in a designated reinvestment zone to exempt all or a portion of the

1 value of the tangible personal property or improvement located on  
2 the real property.

3 (a-2) The execution, duration, and other terms of an  
4 agreement entered into under this section are governed by the  
5 provisions of Sections 312.204, 312.205, and 312.211 applicable to  
6 a municipality. Section 312.2041 applies to an agreement entered  
7 into under this section in the same manner as that section applies  
8 to an agreement entered into under Section 312.204 or 312.211.

9 SECTION 3. (a) Section 312.006, Tax Code, as amended by  
10 Chapters 1029 (H.B. 1449) and 1505 (H.B. 1200), Acts of the 77th  
11 Legislature, Regular Session, 2001, is repealed.

12 (b) Chapter 320, Tax Code, is repealed.

13 SECTION 4. Section 312.007, Tax Code, as added by this Act,  
14 is intended to clarify rather than change existing law.

15 SECTION 5. An ad valorem tax abatement agreement that was  
16 executed before the effective date of this Act by the commissioners  
17 court of a county and an owner of taxable real property or tangible  
18 personal property or an owner of a leasehold interest in tax-exempt  
19 real property, under Section 312.402, Tax Code, as that section  
20 existed before the effective date of this Act, that provides for an  
21 exemption from taxation of all or a portion of the value of real  
22 property, tangible personal property, or both, or of all or a  
23 portion of the value of a leasehold interest in tax-exempt real  
24 property, that is not invalid for a reason other than an  
25 inconsistency with Section 312.402, Tax Code, as that section  
26 existed before the effective date of this Act, and that is  
27 consistent with Section 312.402, Tax Code, as amended by this Act,

1 is ratified and validated as of the date the agreement was executed.

2           SECTION 6. This Act takes effect immediately if it receives  
3 a vote of two-thirds of all the members elected to each house, as  
4 provided by Section 39, Article III, Texas Constitution. If this  
5 Act does not receive the vote necessary for immediate effect, this  
6 Act takes effect September 1, 2009.