

By: Oliveira

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. Chapter 312, Tax Code, is amended by inserting
7 the following new Section 312.007 to read as follows:

8 Sec. 312.007. DURATION OF ABATEMENT PERIOD.
9 Notwithstanding any other provision of this chapter, for a tax
10 abatement granted by the governing body of a municipality under
11 Section 312.204 of this chapter or by a county commissioners court
12 under Section 312.402 of this chapter, the governing body of the
13 local government unit granting the abatement and the owner of the
14 property that is the subject of the abatement may agree to defer the
15 commencement of the abatement period for such time as is mutually
16 agreed; provided, however, that the duration of the abatement
17 period may not exceed 10 years. For purposes of this section,
18 "abatement period" means the period during which all or a portion of
19 the value of the real property or tangible personal property that is
20 the subject of the tax abatement agreement is exempt from taxation.

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. Section 312.006, Tax Code, is repealed.

10 SECTION 4. New Section 312.007, Tax Code, as amended by
11 Section 1, is intended to clarify existing law in effect before the
12 effective date of this Act and is not intended to make a substantive
13 change in the law.

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

26 SECTION 6. This Act takes effect immediately if it receives
27 a vote of two-thirds of all the members elected to each house, as

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1 provided by Section 39, Article III, Texas Constitution. If this
2 Act does not receive the vote necessary for immediate effect, this
3 Act takes effect September 1, 2009.