

AN ACT

relating to the imposition of property taxes on the residential homesteads of low-income and moderate-income persons.

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

SECTION 1. Section 373A.155(b), Local Government Code, is amended to read as follows:

(b) The county shall pay into the tax increment fund for the zone the same percentage of the tax increment produced by the county that ~~[an amount equal to the tax increment paid by]~~ the municipality pays into the fund ~~[as specified in the order adopted under Section 373A.1522]~~.

SECTION 2. Section 373A.1522, Local Government Code, is amended to read as follows:

Sec. 373A.1522. EFFECTIVE DATE OF ZONE. The zone designated by the ordinance adopted under Section 373A.1521 takes effect on the date on which the county adopts a final order~~+~~

~~[(1)]~~ agreeing to the creation of the zone, the zone boundaries, and the zone termination date specified by the municipality under Section 373A.1521(1) ~~[, and~~

~~[(2)] specifying an amount of tax increment to be deposited by the county into the tax increment fund that is equal to the amount of the tax increment specified by the municipality under Section 373A.1521(3)]~~.

SECTION 3. Subchapter D, Chapter 373A, Local Government

1 Code, is amended by adding Section 373A.159 to read as follows:

2 Sec. 373A.159. COMPOSITION OF BOARD OF DIRECTORS OF  
3 HOMESTEAD PRESERVATION REINVESTMENT ZONES. (a) Notwithstanding  
4 Chapter 311, Tax Code, the board of directors of a homestead  
5 preservation reinvestment zone consists of at least 6 and not more  
6 than 16 members, unless more than 16 members are required to satisfy  
7 the requirements of this section.

8 (b) The municipality and county approving the payment of all  
9 or part of the tax increment into the tax increment fund each may  
10 appoint an equal number of members to the board.

11 (c) Members of the board are appointed for terms of two  
12 years unless longer terms are provided under Section 11, Article  
13 XI, Texas Constitution. Terms of members may be staggered.

14 (d) A vacancy on the board is filled for the unexpired term  
15 by appointment of the governing body of the taxing unit that  
16 appointed the director who served in the vacant position.

17 (e) To be eligible for appointment to the board, an  
18 individual must:

19 (1) be a qualified voter of the county; or

20 (2) be at least 18 years of age and own real property  
21 in the reinvestment zone or be an employee or agent of a person that  
22 owns real property in the zone.

23 (f) Each year the board of directors of a reinvestment zone  
24 shall elect one of its members to serve as presiding officer for a  
25 term of one year. The board of directors may elect an assistant  
26 presiding officer to preside in the absence of the presiding  
27 officer or when there is a vacancy in the office of presiding

1 officer. The board may elect other officers as it considers  
2 appropriate.

3 (g) A member of the board of directors of a homestead  
4 preservation reinvestment zone:

5 (1) is not a public official by virtue of that  
6 position; and

7 (2) unless otherwise ineligible, may be appointed to  
8 serve concurrently on the board of directors of a local government  
9 corporation created under Subchapter D, Chapter 431,  
10 Transportation Code.

11 (h) The board of directors created in this section has the  
12 powers and duties prescribed by Sections 311.010 and 311.011, Tax  
13 Code.

14 SECTION 4. (a) In this section, "circuit breaker program"  
15 means a program that limits the amount of ad valorem taxes that may  
16 be imposed on a residence homestead based on the owner's annual  
17 income.

18 (b) The comptroller shall conduct a study to examine circuit  
19 breaker programs as a means of expanding and protecting the  
20 homestead interests of low-income and moderate-income families.

21 (c) The limitations set out in Section 373A.003, Local  
22 Government Code, do not apply to this section.

23 (d) Before collecting information for purposes of the  
24 study, the comptroller shall establish an advisory committee to  
25 assist the comptroller in conducting the study. The advisory  
26 committee must be composed of representatives of:

27 (1) school districts and other taxing units;

- 1           (2) home builders;
- 2           (3) real estate agents;
- 3           (4) mortgage lenders;
- 4           (5) financial agencies involved in mortgage markets;
- 5           (6) organizations interested in housing for  
6 low-income and moderate-income households;
- 7           (7) organizations interested in the effect of ad  
8 valorem taxes on low-income and moderate-income households;
- 9           (8) organizations interested in the effect of public  
10 policy on low-income and moderate-income households; and
- 11           (9) other appropriate, interested organizations or  
12 members of the public, as determined by the comptroller.

13           (e) The comptroller, with the assistance of the advisory  
14 committee, shall study:

15           (1) methods to implement a circuit breaker program,  
16 including the use of rebates or tax credits;

17           (2) methods to create a simple, transparent process  
18 for the owner of a residence homestead to apply for and receive a  
19 limitation on the amount of ad valorem taxes that may be imposed on  
20 the homestead under a circuit breaker program;

21           (3) the effects of different designs of a circuit  
22 breaker program, including the effect of:

23                   (A) limiting which taxing units are involved;

24                   (B) basing eligibility on a maximum annual income  
25 level;

26                   (C) limiting the dollar amount of the benefit  
27 that a property owner could receive in the program; and

1 (D) basing eligibility on a minimum ratio of  
2 residence homestead ad valorem taxes imposed to annual income,  
3 including a progressive scale of minimum ratios based on annual  
4 income; and

5 (4) methods to ensure the reliability of a property  
6 owner's statement of annual income.

7 (f) The comptroller and the advisory committee shall  
8 analyze the information studied and prepare a report that:

9 (1) describes the parameters, techniques, and legal  
10 assumptions established under Subsection (e) of this section that  
11 were used in conducting the study;

12 (2) estimates the benefit of alternative designs of a  
13 circuit breaker program for property owners in various annual  
14 income brackets and with varying amounts of residence homestead ad  
15 valorem tax liability, including an estimate of the percentage of  
16 property owners in various annual income brackets that would  
17 benefit and the dollar amount of the benefit to those property  
18 owners;

19 (3) estimates the cost to the state and taxing units of  
20 implementing alternative designs of a circuit breaker program,  
21 including the percentage by which the amount of ad valorem taxes  
22 collected would be reduced;

23 (4) analyzes the effects on this state's economy of  
24 implementing a circuit breaker program, including the effect on  
25 home ownership rates, the residential housing market, and economic  
26 development; and

27 (5) specifies any necessary statutory changes the

1 comptroller and the advisory committee determine are necessary to  
2 implement a circuit breaker program described by the study.

3 (g) The comptroller may contract with appraisal districts,  
4 taxing units, or other appropriate organizations for assistance and  
5 to obtain information necessary to conduct the study. A state  
6 agency, appraisal district, or taxing unit shall assist the  
7 comptroller if the comptroller requests information or assistance  
8 in conducting the study.

9 (h) Not later than December 1, 2010, the comptroller shall  
10 submit to the governor, lieutenant governor, and speaker of the  
11 house of representatives the report prepared under Subsection (f)  
12 of this section.

13 (i) This section expires September 1, 2011.

14 SECTION 5. This Act takes effect September 1, 2009.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 3983 was passed by the House on May 6, 2009, by the following vote: Yeas 136, Nays 9, 1 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 3983 on May 25, 2009, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 3983 on May 31, 2009, by the following vote: Yeas 125, Nays 21, 1 present, not voting.

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Chief Clerk of the House

H.B. No. 3983

I certify that H.B. No. 3983 was passed by the Senate, with amendments, on May 22, 2009, by the following vote: Yeas 30, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 3983 on May 31, 2009, by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor