

By: Estes, Hinojosa

S.B. No. 252

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the authority of a municipality with a population of  
3 less than 10,000 to enter into an agreement with an owner of real  
4 property in or adjacent to an area in the municipality that has been  
5 approved for funding under certain revitalization or redevelopment  
6 programs to prohibit ad valorem tax increases on the owner's  
7 property for a limited period.

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

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

11 Sec. 11.34. LIMITATION OF TAXES ON REAL PROPERTY IN  
12 DESIGNATED AREAS OF CERTAIN MUNICIPALITIES. (a) This section  
13 applies only to a municipality having a population of less than  
14 10,000.

15 (b) Acting under the authority of Section 1-o, Article VIII,  
16 Texas Constitution, the governing body of a municipality, by  
17 official action, may call an election in the municipality to permit  
18 the voters of the municipality to determine whether to authorize  
19 the governing body to enter into an agreement with an owner of real  
20 property in or adjacent to an area in the municipality that has been  
21 approved for funding under the programs administered by the  
22 Department of Agriculture as described by Section 1-o, Article  
23 VIII, Texas Constitution, under which the parties agree that the ad  
24 valorem taxes imposed by any political subdivision on the owner's

1 real property may not be increased for the first five tax years  
2 after the tax year in which the agreement is entered into, subject  
3 to the terms and conditions provided by the agreement.

4 (c) If the authority to limit tax increases under this  
5 section is approved by the voters and the governing body of the  
6 municipality enters into an agreement to limit tax increases under  
7 this section, the tax officials shall appraise the property to  
8 which the limitation applies and calculate taxes as on other  
9 property, but if the tax so calculated exceeds the limitation, the  
10 tax imposed is the amount of the tax as limited by this section,  
11 except as provided by Subsections (f) and (g).

12 (d) An agreement to limit tax increases under this section  
13 must be entered into before December 31 of the tax year in which the  
14 election was held.

15 (e) A taxing unit may not increase the total annual amount  
16 of ad valorem taxes the taxing unit imposes on the property above  
17 the amount of the taxes the taxing unit imposed on the property in  
18 the tax year in which the governing body of the municipality entered  
19 into an agreement to limit tax increases under this section.

20 (f) Subject to Subsection (g), an agreement to limit tax  
21 increases under this section expires on the earlier of:

22 (1) January 1 of the sixth tax year following the tax  
23 year in which the agreement was entered into; or

24 (2) January 1 of the first tax year in which the owner  
25 of the property when the agreement was entered into ceases to own  
26 the property.

27 (g) If property subject to an agreement to limit tax

1 increases under this section is owned by two or more persons, the  
2 limitation expires on January 1 of the first tax year following the  
3 year in which the ownership of at least a 50 percent interest in the  
4 property is sold or otherwise transferred.

5 (h) Notwithstanding Subsection (a), if the population of a  
6 municipality to which this section applies when the municipality  
7 enters into an agreement to limit taxes under this section  
8 subsequently increases to 10,000 or more, the validity of the  
9 agreement is not affected by that change in population, and the  
10 agreement does not expire because of that change.

11 SECTION 2. This Act applies only to ad valorem taxes imposed  
12 for a tax year beginning on or after the effective date of this Act.

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