

1-1 By: Estes S.B. No. 252  
1-2 (In the Senate - Filed November 10, 2008; February 11, 2009,  
1-3 read first time and referred to Committee on Agriculture and Rural  
1-4 Affairs; March 20, 2009, reported favorably by the following vote:  
1-5 Yeas 5, Nays 0; March 20, 2009, sent to printer.)

1-6 A BILL TO BE ENTITLED  
1-7 AN ACT

1-8 relating to the authority of a municipality with a population of  
1-9 less than 10,000 to enter into an agreement with an owner of real  
1-10 property in or adjacent to an area in the municipality that has been  
1-11 approved for funding under certain revitalization or redevelopment  
1-12 programs to prohibit ad valorem tax increases on the owner's  
1-13 property for a limited period.

1-14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-15 SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by  
1-16 adding Section 11.34 to read as follows:

1-17 Sec. 11.34. LIMITATION OF TAXES ON REAL PROPERTY IN  
1-18 DESIGNATED AREAS OF CERTAIN MUNICIPALITIES. (a) This section  
1-19 applies only to a municipality having a population of less than  
1-20 10,000.

1-21 (b) Acting under the authority of Section 1-o, Article VIII,  
1-22 Texas Constitution, the governing body of a municipality, by  
1-23 official action, may call an election in the municipality to permit  
1-24 the voters of the municipality to determine whether to authorize  
1-25 the governing body to enter into an agreement with an owner of real  
1-26 property in or adjacent to an area in the municipality that has been  
1-27 approved for funding under the programs administered by the  
1-28 Department of Agriculture as described by Section 1-o, Article  
1-29 VIII, Texas Constitution, under which the parties agree that the ad  
1-30 valorem taxes imposed by any political subdivision on the owner's  
1-31 real property may not be increased for the first five tax years  
1-32 after the tax year in which the agreement is entered into, subject  
1-33 to the terms and conditions provided by the agreement.

1-34 (c) If the authority to limit tax increases under this  
1-35 section is approved by the voters and the governing body of the  
1-36 municipality enters into an agreement to limit tax increases under  
1-37 this section, the tax officials shall appraise the property to  
1-38 which the limitation applies and calculate taxes as on other  
1-39 property, but if the tax so calculated exceeds the limitation, the  
1-40 tax imposed is the amount of the tax as limited by this section,  
1-41 except as provided by Subsections (f) and (g).

1-42 (d) An agreement to limit tax increases under this section  
1-43 must be entered into before December 31 of the tax year in which the  
1-44 election was held.

1-45 (e) A taxing unit may not increase the total annual amount  
1-46 of ad valorem taxes the taxing unit imposes on the property above  
1-47 the amount of the taxes the taxing unit imposed on the property in  
1-48 the tax year in which the governing body of the municipality entered  
1-49 into an agreement to limit tax increases under this section.

1-50 (f) Subject to Subsection (g), an agreement to limit tax  
1-51 increases under this section expires on the earlier of:

1-52 (1) January 1 of the sixth tax year following the tax  
1-53 year in which the agreement was entered into; or

1-54 (2) January 1 of the first tax year in which the owner  
1-55 of the property when the agreement was entered into ceases to own  
1-56 the property.

1-57 (g) If property subject to an agreement to limit tax  
1-58 increases under this section is owned by two or more persons, the  
1-59 limitation expires on January 1 of the first tax year following the  
1-60 year in which the ownership of at least a 50 percent interest in the  
1-61 property is sold or otherwise transferred.

1-62 (h) Notwithstanding Subsection (a), if the population of a  
1-63 municipality to which this section applies when the municipality  
1-64 enters into an agreement to limit taxes under this section

2-1 subsequently increases to 10,000 or more, the validity of the  
2-2 agreement is not affected by that change in population, and the  
2-3 agreement does not expire because of that change.

2-4 SECTION 2. This Act applies only to ad valorem taxes imposed  
2-5 for a tax year beginning on or after the effective date of this Act.

2-6 SECTION 3. This Act takes effect immediately if it receives  
2-7 a vote of two-thirds of all the members elected to each house, as  
2-8 provided by Section 39, Article III, Texas Constitution. If this  
2-9 Act does not receive the vote necessary for immediate effect, this  
2-10 Act takes effect September 1, 2009.

2-11

\* \* \* \* \*