

By: Wentworth

S.B. No. 313

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the term of a reinvestment zone and to the assessment
3 and payment of tax increments under the Tax Increment Financing
4 Act.

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

6 SECTION 1. Subsection (a), Section 311.012, Tax Code, is
7 amended to read as follows:

8 (a) The amount of a taxing unit's tax increment for a year is
9 the amount of property taxes assessed and levied [~~and collected~~] by
10 the unit for that year on the captured appraised value of real
11 property taxable by the unit and located in a reinvestment zone.

12 SECTION 2. Subsections (c) and (i), Section 311.013, Tax
13 Code, are amended to read as follows:

14 (c) Notwithstanding any termination of the reinvestment
15 zone under Section 311.017(a), a [A] taxing unit shall make a
16 payment required by Subsection (b) not later than the 90th day after
17 the delinquency date for the unit's property taxes. A delinquent
18 payment incurs a penalty of five percent of the amount delinquent
19 and accrues interest at an annual rate of 10 percent.

20 (i) Notwithstanding Subsection (c) and Section 311.012(a),
21 a taxing unit is not required to pay into a tax increment fund the
22 applicable portion of a tax increment attributable to delinquent
23 taxes until those taxes are collected.

24 SECTION 3. Section 311.017, Tax Code, is amended by amending

1 Subsection (a) and adding Subsection (a-1) to read as follows:

2 (a) A reinvestment zone terminates on the earlier of:

3 (1) the termination date designated in the ordinance
4 or order, as applicable, creating the zone or an earlier or later
5 termination date designated by an ordinance or order adopted
6 subsequent to the ordinance or order creating the zone; or

7 (2) the date on which all project costs, tax increment
8 bonds and interest on those bonds, and other obligations have been
9 paid in full.

10 (a-1) Notwithstanding the designation of a later
11 termination date under Subsection (a), a taxing unit that taxes
12 real property located in the reinvestment zone, other than the
13 municipality or county that created the zone, is not required to pay
14 any of its tax increment into the tax increment fund for the zone
15 after the termination date designated in the ordinance or order
16 creating the zone unless the governing body of the taxing unit
17 enters into an agreement to do so with the governing body of the
18 municipality or county that created the zone.

19 SECTION 4. (a) The legislature validates and confirms all
20 governmental acts and proceedings of a municipality or county that
21 were taken before the effective date of this Act and relate to or
22 are associated with the extension of the term of a reinvestment zone
23 created by the municipality or county under Chapter 311, Tax Code,
24 as of the dates on which they occurred. The acts and proceedings
25 may not be held invalid because they were not in accordance with
26 Chapter 311, Tax Code, or other law.

27 (b) Subsection (a) of this section does not apply to any

1 matter that on the effective date of this Act:

2 (1) is involved in litigation if the litigation
3 ultimately results in the matter being held invalid by a final
4 judgment of a court; or

5 (2) has been held invalid by a final judgment of a
6 court.

7 SECTION 5. This Act applies only to a taxing unit's tax
8 increment for a period occurring on or after the effective date of
9 this Act. A taxing unit's tax increment for a period occurring
10 before the effective date of this Act is governed by the law in
11 effect for such period, and the former law is continued in effect
12 for that purpose.

13 SECTION 6. 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.

1 amount of the obligations because of the redemption of the
2 obligations before maturity;

3 (C) real property assembly costs;

4 (D) professional service costs, including those
5 incurred for architectural, planning, engineering, and legal
6 advice and services;

7 (E) imputed administrative costs, including
8 reasonable charges for the time spent by employees of the
9 municipality or county in connection with the implementation of a
10 project plan;

11 (F) relocation costs;

12 (G) organizational costs, including the costs of
13 conducting environmental impact studies or other studies, the cost
14 of publicizing the creation of the zone, and the cost of
15 implementing the project plan for the zone;

16 (H) interest before and during construction and
17 for one year after completion of construction, whether or not
18 capitalized;

19 (I) the cost of operating the reinvestment zone
20 and project facilities;

21 (J) the amount of any contributions made by the
22 municipality or county from general revenue for the implementation
23 of the project plan; ~~and~~

24 (K) the costs of a program described by Section
25 311.010(h);

26 (L) the costs of school buildings, other
27 educational buildings, other educational facilities, or other

1 buildings owned by or on behalf of a school district, community
2 college district, or other political subdivision of this state;

3 (M) the costs of providing affordable housing or
4 areas of public assembly in or outside of the zone; and

5 (N) payments made at the discretion of the
6 governing body of the municipality or county that the governing
7 body finds necessary or convenient to the creation of the zone or to
8 the implementation of the project plans for the zone.

9 SECTION 2. Sections 311.003(a) and (b), Tax Code, are
10 amended to read as follows:

11 (a) The governing body of a county by order may designate a
12 geographic area in the county or the governing body of a
13 municipality by ordinance [~~or the governing body of a county by~~
14 ~~order~~] may designate a [~~contiguous~~] geographic area that is in the
15 corporate limits of the municipality, in the extraterritorial
16 jurisdiction of the municipality, or in both [~~in the jurisdiction~~
17 ~~of the municipality or county~~] to be a reinvestment zone to promote
18 development or redevelopment of the area if the governing body
19 determines that development or redevelopment would not occur solely
20 through private investment in the reasonably foreseeable future.
21 The area need not be contiguous if the governing body determines
22 that the tracts included in the area are substantially related. The
23 designation of an area that is wholly or partly located in the
24 extraterritorial jurisdiction of a municipality is not affected by
25 a subsequent annexation of real property in the reinvestment zone
26 by the municipality. The tax increment base of a municipality that
27 annexes an area in a zone after the area is included in the zone is

1 computed as if the area were located in the corporate limits of the
2 municipality at the time the area was included in the zone.

3 (b) Before adopting an ordinance or order designating
4 ~~[providing for]~~ a reinvestment zone, the governing body of the
5 municipality or county must prepare a preliminary reinvestment zone
6 financing plan. ~~[As soon as the plan is completed, a copy of the~~
7 ~~plan must be sent to the governing body of each taxing unit that~~
8 ~~levies taxes on real property in the proposed zone.]~~

9 SECTION 3. Chapter 311, Tax Code, is amended by adding
10 Section 311.0035 to read as follows:

11 Sec. 311.0035. PROCEDURE FOR DESIGNATING JOINT
12 REINVESTMENT ZONE. (a) The governing bodies of two or more
13 municipalities by ordinance adopted by each municipality may
14 designate a contiguous area in the jurisdiction of each of the
15 municipalities to be a joint reinvestment zone. Except as otherwise
16 provided by this section, each of the municipalities must follow
17 the procedures provided by Section 311.003 to designate an area as a
18 joint reinvestment zone. The ordinances adopted by all of the
19 municipalities designating an area as a joint reinvestment zone
20 must contain the same terms and must:

21 (1) describe the boundaries of the zone with
22 sufficient definiteness to identify with ordinary and reasonable
23 certainty the territory included in the zone;

24 (2) create a board of directors for the zone and
25 specify:

26 (A) the number of directors;

27 (B) the qualifications of directors;

- 1 (C) the manner in which directors are appointed;
2 (D) the terms of directors;
3 (E) the manner in which vacancies on the board
4 are filled; and
5 (F) the manner by which officers of the board are
6 selected;
7 (3) provide that the zone takes effect immediately on
8 adoption of the ordinance by the last of the municipalities in the
9 jurisdiction of which the area contained in the zone is located;
10 (4) provide a termination date for the zone;
11 (5) assign a name to the zone, which may include the
12 name of one or more of the designating municipalities and may
13 contain a number;
14 (6) establish a tax increment fund for the zone; and
15 (7) contain findings that:
16 (A) improvements in the zone will significantly
17 enhance the value of all taxable real property in the zone and will
18 be of general benefit to the municipalities; and
19 (B) the area meets the requirements of Sections
20 311.005(a)(1) and (2) and (a-1).
21 (b) For purposes of complying with Subsection (a)(7)(A),
22 the ordinances are not required to identify the specific parcels of
23 real property to be enhanced in value.
24 (c) The boundaries of a joint reinvestment zone may be
25 enlarged or reduced by ordinance of the governing bodies of the
26 municipalities that designated the zone, subject to the
27 restrictions contained in this section.

1 (d) The municipalities designating a joint reinvestment
2 zone may exercise any power necessary and convenient to carry out
3 this section and the other provisions of this chapter, including
4 the powers listed in Section 311.008.

5 (e) Except as otherwise provided by this section, the board
6 of directors of a joint reinvestment zone has the same powers and
7 duties and is subject to the same limitations as the board of
8 directors of a reinvestment zone designated by a single
9 municipality. Sections 311.011, 311.012, 311.0123, 311.013,
10 311.014, 311.015, 311.016, 311.0163, and 311.018 apply to the
11 municipalities designating a joint reinvestment zone, except that a
12 reference in those sections to a municipality means all of the
13 municipalities designating a joint reinvestment zone and an action
14 required of a municipality under those sections is considered to be
15 required of all of the municipalities designating a joint
16 reinvestment zone.

17 (f) Expenditures from tax increment financing funds or
18 bonds secured by tax increment financing may be made without regard
19 to the location from which the funds were derived or the location
20 within the joint reinvestment zone at which the funds are spent, but
21 only if those expenditures are authorized as required by this
22 chapter.

23 SECTION 4. Section 311.005(a), Tax Code, is amended to read
24 as follows:

25 (a) To be designated as a reinvestment zone, an area must:
26 (1) substantially arrest or impair the sound growth of
27 the municipality or county designating [~~creating~~] the zone, retard

1 the provision of housing accommodations, or constitute an economic
2 or social liability and be a menace to the public health, safety,
3 morals, or welfare in its present condition and use because of the
4 presence of:

5 (A) a substantial number of substandard, slum,
6 deteriorated, or deteriorating structures;

7 (B) the predominance of defective or inadequate
8 sidewalk or street layout;

9 (C) faulty lot layout in relation to size,
10 adequacy, accessibility, or usefulness;

11 (D) unsanitary or unsafe conditions;

12 (E) the deterioration of site or other
13 improvements;

14 (F) tax or special assessment delinquency
15 exceeding the fair value of the land;

16 (G) defective or unusual conditions of title;

17 (H) conditions that endanger life or property by
18 fire or other cause; or

19 (I) structures, other than single-family
20 residential structures, less than 10 percent of the square footage
21 of which has been used for commercial, industrial, or residential
22 purposes during the preceding 12 years, if the municipality has a
23 population of 100,000 or more;

24 (2) be predominantly open, undeveloped, or
25 underdeveloped and, because of obsolete platting, deterioration of
26 structures or site improvements, or other factors, substantially
27 impair or arrest the sound growth of the municipality or county;

1 (3) be in a federally assisted new community located
2 in the municipality or county or in an area immediately adjacent to
3 a federally assisted new community; or

4 (4) be an area described in a petition requesting that
5 the area be designated as a reinvestment zone, if the petition is
6 submitted to the governing body of the municipality or county by the
7 owners of property constituting at least 50 percent of the
8 appraised value of the property in the area according to the most
9 recent certified appraisal roll for the county in which the area is
10 located.

11 SECTION 5. Section 311.007, Tax Code, is amended to read as
12 follows:

13 Sec. 311.007. CHANGING BOUNDARIES OR TERM OF EXISTING ZONE.

14 (a) The [~~Subject to the limitations provided by Section 311.006,~~
15 ~~if applicable, the~~] boundaries of an existing reinvestment zone may
16 be reduced or enlarged by ordinance or resolution of the governing
17 body of the municipality or by order or resolution of the governing
18 body of the county that designated [~~created~~] the zone.

19 (b) The governing body of the municipality or county that
20 designated a reinvestment zone by ordinance or resolution or by
21 order or resolution, respectively, may extend the term of all or a
22 portion of the zone after notice and hearing in the manner provided
23 for the designation of the zone. A taxing unit other than the
24 municipality or county that designated the zone is not required to
25 participate in the zone or portion of the zone for the extended term
26 unless the taxing unit enters into a written agreement to do so [~~may~~
27 ~~enlarge an existing reinvestment zone to include an area described~~

1 ~~in a petition requesting that the area be included in the zone if~~
2 ~~the petition is submitted to the governing body of the municipality~~
3 ~~or county by the owners of property constituting at least 50 percent~~
4 ~~of the appraised value of the property in the area according to the~~
5 ~~most recent certified appraisal roll for the county in which the~~
6 ~~area is located. The composition of the board of directors of the~~
7 ~~zone continues to be governed by Section 311.009(a) or (b),~~
8 ~~whichever applied to the zone immediately before the enlargement of~~
9 ~~the zone, except that the membership of the board must conform to~~
10 ~~the requirements of the applicable subsection of Section 311.009 as~~
11 ~~applied to the zone after its enlargement. The provision of Section~~
12 ~~311.006(b) relating to the amount of property used for residential~~
13 ~~purposes that may be included in the zone does not apply to the~~
14 ~~enlargement of a zone under this subsection].~~

15 SECTION 6. Section 311.008, Tax Code, is amended by
16 amending Subsection (b) and adding Subsections (f) and (g) to read
17 as follows:

18 (b) A municipality or county may exercise any power
19 necessary and convenient to carry out this chapter, including the
20 power to:

21 (1) cause project plans to be prepared, approve and
22 implement the plans, and otherwise achieve the purposes of the
23 plan;

24 (2) acquire real property by purchase, condemnation,
25 or other means [~~to implement project plans~~] and sell real [~~that~~]
26 property, on the terms and conditions and in the manner it considers
27 advisable, to implement project plans;

1 (3) enter into agreements, including agreements with
2 bondholders, determined by the governing body of the municipality
3 or county to be necessary or convenient to implement project plans
4 and achieve their purposes, which agreements may include
5 conditions, restrictions, or covenants that run with the land or
6 that by other means regulate or restrict the use of land; and

7 (4) consistent with the project plan for the zone:

8 (A) acquire blighted, deteriorated,
9 deteriorating, undeveloped, or inappropriately developed real
10 property or other property in a blighted area or in a federally
11 assisted new community in the zone for the preservation or
12 restoration of historic sites, beautification or conservation, the
13 provision of public works or public facilities, or other public
14 purposes;

15 (B) acquire, construct, reconstruct, or install
16 public works, facilities, or sites or other public improvements,
17 including utilities, streets, street lights, water and sewer
18 facilities, pedestrian malls and walkways, parks, flood and
19 drainage facilities, or parking facilities, but not including
20 educational facilities; or

21 (C) in a reinvestment zone created on or before
22 September 1, 1999, acquire, construct, or reconstruct educational
23 facilities in the municipality.

24 (f) The governing body of a municipality or county may
25 impose a fee:

26 (1) on property owners who submit a petition under
27 Section 311.005(a)(4) for processing the petition; or

1 (2) for reviewing a project designated or proposed to
2 be designated under this chapter.

3 (g) A fee under Subsection (f) must be reasonably related to
4 the estimated cost to the municipality or county of processing the
5 petition or reviewing the project, respectively.

6 SECTION 7. Section 311.0085(a), Tax Code, is amended to
7 read as follows:

8 (a) This section applies only to a municipality with a
9 population of less than 130,000 as shown by the 2000 federal
10 decennial census that has[+]

11 ~~[(1)]~~ territory in three counties[+; and

12 ~~[(2) a population of less than 120,000].~~

13 SECTION 8. Sections 311.009(a), (b), and (e), Tax Code, are
14 amended to read as follows:

15 (a) Except as provided by Subsection (b), the board of
16 directors of a reinvestment zone consists of at least five and not
17 more than 15 members, unless more than 15 members are required to
18 satisfy the requirements of this subsection. Each taxing unit other
19 than the municipality or county that designated ~~[created]~~ the zone
20 that levies taxes on real property in the zone may appoint one
21 member of the board if the taxing unit has approved the payment of
22 all or part of the tax increment produced by the unit into the tax
23 increment fund for the zone. A unit may waive its right to appoint a
24 director. The governing body of the municipality or county that
25 designated ~~[created]~~ the zone may appoint not more than 10
26 directors to the board; except that if there are fewer than five
27 directors appointed by taxing units other than the municipality or

1 county, the governing body of the municipality or county may
2 appoint more than 10 members as long as the total membership of the
3 board does not exceed 15.

4 (b) If the zone was designated under Section 311.005(a)(4),
5 the governing body of the municipality or county that designated
6 the zone may provide that the board of directors of the zone
7 consists of nine members appointed as provided by this subsection,
8 unless more than nine members are required to comply with this
9 subsection. Each taxing unit [~~school district, county, or~~
10 ~~municipality~~], other than the municipality or county that
11 designated [~~created~~] the zone, that levies taxes on real property
12 in the zone may appoint one member of the board if the taxing unit
13 [~~school district, county, or municipality~~] has approved the payment
14 of all or part of the tax increment produced by the unit into the tax
15 increment fund for the zone. The member of the state senate in whose
16 district the zone is located is a member of the board, and the
17 member of the state house of representatives in whose district the
18 zone is located is a member of the board, except that either may
19 designate another individual to serve in the member's place at the
20 pleasure of the member. If the zone is located in more than one
21 senate or house district, this subsection applies only to the
22 senator or representative in whose district a larger portion of the
23 zone is located than any other senate or house district, as
24 applicable. If fewer than seven taxing units, other than the
25 municipality or county that designated the zone, are eligible to
26 appoint members of the board of directors of the zone, the
27 municipality or county may appoint a number of members of the board

1 such that the board comprises nine members. If at least seven taxing
2 units, other than the municipality or county that designated the
3 zone, are eligible to appoint members of the board of directors of
4 the zone, the municipality or county may appoint one member. [~~The~~
5 ~~remaining members of the board are appointed by the governing body~~
6 ~~of the municipality or county that created the zone.~~]

7 (e) To be eligible for appointment to the board by the
8 governing body of the municipality or county that designated
9 [~~created~~] the zone, an individual must:

10 (1) if the board is covered by Subsection (a):

11 (A) be a resident of this state and a citizen of
12 the United States [~~qualified voter of the municipality or county,~~
13 ~~as applicable~~]; and [~~or~~]

14 (B) be at least 18 years of age [~~and own real~~
15 ~~property in the zone, whether or not the individual resides in the~~
16 ~~municipality or county~~]; or

17 (2) if the board is covered by Subsection (b):

18 (A) be at least 18 years of age; and

19 (B) own real property in the zone or be an
20 employee, tenant, or agent of a person that owns real property in
21 the zone.

22 SECTION 9. Section 311.0091, Tax Code, is amended by
23 amending Subsection (f) and adding Subsection (i) to read as
24 follows:

25 (f) Except as provided by Subsection (i), to [~~To~~] be
26 eligible for appointment to the board, an individual must:

27 (1) be a qualified voter of the municipality; or

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

4 (i) The eligibility criteria for appointment to the board
5 specified by Subsection (f) do not apply to an individual appointed
6 by a conservation and reclamation district:

7 (1) created under Section 59, Article XVI, Texas
8 Constitution; and

9 (2) the jurisdiction of which covers four counties.

10 SECTION 10. Sections 311.010(b), (g), and (h), Tax Code,
11 are amended to read as follows:

12 (b) The board of directors of a reinvestment zone and the
13 governing body of the municipality or county that designates
14 [~~creates~~] a reinvestment zone may each enter into agreements as the
15 board or the governing body considers necessary or convenient to
16 implement the project plan and reinvestment zone financing plan and
17 achieve their purposes. An agreement may provide for the regulation
18 or restriction of the use of land by imposing conditions,
19 restrictions, or covenants that run with the land. An agreement may
20 during the term of the agreement dedicate, pledge, or otherwise
21 provide for the use of revenue in the tax increment fund to pay any
22 project costs that benefit the reinvestment zone, including project
23 costs relating to the cost of buildings, schools, or other
24 educational facilities owned by or on behalf of a school district,
25 community college district, or other political subdivision of this
26 state, railroad or transit facilities, affordable housing, the
27 remediation of conditions that contaminate public or private land

1 or buildings, the preservation of the facade of a private or public
2 building, ~~[or]~~ the demolition of public or private buildings, or
3 the construction of a road, sidewalk, or other public
4 infrastructure in or out of the zone, including the cost of
5 acquiring the real property necessary for the construction of the
6 road, sidewalk, or other public infrastructure. An agreement may
7 dedicate revenue from the tax increment fund to pay the costs of
8 providing affordable housing or areas of public assembly in or out
9 of the zone. ~~[An agreement may dedicate revenue from the tax~~
10 ~~increment fund to pay a neighborhood enterprise association for~~
11 ~~providing services or carrying out projects authorized under~~
12 ~~Subchapters E and G, Chapter 2303, Government Code, in the zone. The~~
13 ~~term of an agreement with a neighborhood enterprise association may~~
14 ~~not exceed 10 years.]~~

15 (g) Chapter 252, Local Government Code, does not apply to a
16 dedication, pledge, or other use of revenue in the tax increment
17 fund for a reinvestment zone ~~[by the board of directors of the zone~~
18 ~~in carrying out its powers]~~ under Subsection (b).

19 (h) Subject to the approval of the governing body of the
20 municipality or county that designated ~~[created]~~ the zone, the
21 board of directors of a reinvestment zone, as necessary or
22 convenient to implement the project plan and reinvestment zone
23 financing plan and achieve their purposes, may establish and
24 provide for the administration of one or more programs for the
25 public purposes of developing and diversifying the economy of the
26 zone, eliminating unemployment and underemployment in the zone, and
27 developing or expanding transportation, business, and commercial

1 activity in the zone, including programs to make grants and loans
2 [~~from the tax increment fund of the zone in an aggregate amount not~~
3 ~~to exceed the amount of the tax increment produced by the~~
4 ~~municipality and paid into the tax increment fund for the zone]~~ for
5 activities that benefit the zone and stimulate business and
6 commercial activity in the zone. For purposes of this subsection,
7 on approval of the municipality or county, the board of directors of
8 the zone has all the powers of a municipality under Chapter 380,
9 Local Government Code. The approval required by this subsection may
10 be granted in an ordinance, in the case of a zone designated by a
11 municipality, or in an order, in the case of a zone designated by a
12 county, approving a project plan or reinvestment zone financing
13 plan or approving an amendment to a project plan or reinvestment
14 zone financing plan.

15 SECTION 11. Section 311.01005, Tax Code, is amended by
16 adding Subsection (f) to read as follows:

17 (f) This section does not limit the power of the board of
18 directors of a reinvestment zone or the governing body of the
19 municipality that designates a reinvestment zone to dedicate,
20 pledge, or otherwise provide for the use of revenue in the tax
21 increment fund for the zone to finance the costs of a project
22 involving real property located outside the zone.

23 SECTION 12. Section 311.011, Tax Code, is amended by
24 amending Subsections (a), (b), (c), (d), and (g) and adding
25 Subsection (h) to read as follows:

26 (a) The board of directors of a reinvestment zone shall
27 prepare and adopt a project plan and a reinvestment zone financing

1 plan for the zone and submit the plans to the governing body of the
2 municipality or county that designated [~~created~~] the zone. [~~The~~
3 ~~plans must be as consistent as possible with the preliminary plans~~
4 ~~developed for the zone before the creation of the board.~~]

5 (b) The project plan must include:

6 (1) a description of [~~map showing~~] existing uses and
7 conditions of real property in the zone and [~~a map showing~~] proposed
8 [~~improvements to and proposed~~] uses of that property;

9 (2) proposed changes of zoning ordinances, [~~the master~~
10 ~~plan of the municipality,~~] building codes, other municipal
11 ordinances, and subdivision rules and regulations, if any, of the
12 county, if applicable; and

13 (3) [~~a list of estimated nonproject costs, and~~

14 [~~(4)~~] a statement of a method of relocating persons to
15 be displaced, if any, as a result of implementing the plan.

16 (c) The reinvestment zone financing plan must include:

17 (1) a detailed list describing the estimated project
18 costs of the zone, including administrative expenses;

19 (2) a statement listing the proposed kind, number, and
20 location of all [~~proposed~~] public works or public improvements to
21 be financed by [~~in~~] the zone;

22 (3) a finding that the plan is economically feasible
23 [~~an economic feasibility study~~];

24 (4) the estimated amount of bonded indebtedness to be
25 incurred;

26 (5) the estimated time when related costs or monetary
27 obligations are to be incurred;

1 (6) a description of the methods of financing all
2 estimated project costs and the expected sources of revenue to
3 finance or pay project costs, including the percentage of tax
4 increment to be derived from the property taxes of each taxing unit
5 anticipated to contribute tax increment to the zone that levies
6 taxes on real property in the zone;

7 (7) the current total appraised value of taxable real
8 property in the zone;

9 (8) the estimated captured appraised value of the zone
10 during each year of its existence; and

11 (9) the duration of the zone.

12 (d) The governing body of the municipality or county that
13 designated [~~created~~] the zone must approve a project plan or
14 reinvestment zone financing plan after its adoption by the board.
15 The approval must be by ordinance, in the case of a municipality, or
16 by order, in the case of a county, that finds that the plan is
17 feasible [~~and conforms to the master plan, if any, of the~~
18 ~~municipality or to subdivision rules and regulations, if any, of~~
19 ~~the county~~].

20 (g) A [~~An amendment to the project plan or the reinvestment~~
21 ~~zone financing plan for a zone does not apply to a~~] school district
22 that participates in a [the] zone is not required to increase the
23 percentage or amount of the tax increment to be contributed by the
24 school district because of an amendment to the project plan or
25 reinvestment zone financing plan for the zone unless the governing
26 body of the school district by official action approves the
27 amendment [~~, if the amendment:~~

1 ~~[(1) has the effect of directly or indirectly~~
2 ~~increasing the percentage or amount of the tax increment to be~~
3 ~~contributed by the school district; or~~

4 ~~[(2) requires or authorizes the municipality or county~~
5 ~~creating the zone to issue additional tax increment bonds or~~
6 ~~notes].~~

7 (h) Unless specifically provided otherwise in the plan, all
8 amounts contained in the project plan or reinvestment zone
9 financing plan, including amounts of expenditures relating to
10 project costs and amounts relating to participation by taxing
11 units, are considered estimates and do not act as a limitation on
12 the described items.

13 SECTION 13. Sections 311.012(a) and (c), Tax Code, are
14 amended to read as follows:

15 (a) The amount of a taxing unit's tax increment for a year is
16 the amount of property taxes levied and assessed by the unit for
17 that year on the captured appraised value of real property taxable
18 by the unit and located in a reinvestment zone or the amount of
19 property taxes levied and collected by the unit for that year on the
20 captured appraised value of real property taxable by the unit and
21 located in a reinvestment zone. The governing body of a taxing unit
22 shall determine which of the methods specified by this subsection
23 is used to calculate the amount of the unit's tax increment.

24 (c) The tax increment base of a taxing unit is the total
25 taxable ~~[appraised]~~ value of all real property taxable by the unit
26 and located in a reinvestment zone for the year in which the zone
27 was designated under this chapter. If the boundaries of a zone are

1 enlarged, the tax increment base is increased by the taxable value
2 of the real property added to the zone for the year in which the
3 property was added. If the boundaries of a zone are reduced, the tax
4 increment base is reduced by the taxable value of the real property
5 removed from the zone for the year in which the property was
6 originally included in the zone's boundaries. If the municipality
7 that designates a zone does not levy an ad valorem tax in the year in
8 which the zone is designated, the tax increment base is determined
9 by the appraisal district in which the zone is located using
10 assumptions regarding exemptions and other relevant information
11 provided to the appraisal district by the municipality.

12 SECTION 14. Sections 311.013(f), (g), (l), and (n), Tax
13 Code, are amended to read as follows:

14 (f) A taxing unit is not required to pay into the tax
15 increment fund any of its tax increment produced from property
16 located in a reinvestment zone designated under Section 311.005(a)
17 or in an area added to a reinvestment zone under Section 311.007
18 unless the taxing unit enters into an agreement to do so with the
19 governing body of the municipality or county that designated
20 ~~[created]~~ the zone. A taxing unit may enter into an agreement under
21 this subsection at any time before or after the zone is designated
22 ~~[created]~~ or enlarged. The agreement may include conditions for
23 payment of that tax increment into the fund and must specify the
24 portion of the tax increment to be paid into the fund and the years
25 for which that tax increment is to be paid into the fund. In
26 addition to any other terms to which the parties may agree, the
27 agreement may specify the projects to which a participating taxing

1 unit's tax increment will be dedicated and that the taxing unit's
2 participation may be computed with respect to a base year later than
3 the original base year of the zone. The agreement and the conditions
4 in the agreement are binding on the taxing unit, the municipality or
5 county, and the board of directors of the zone.

6 (g) Subject to the provisions of Section 311.0125, in lieu
7 of permitting a portion of its tax increment to be paid into the tax
8 increment fund, and notwithstanding the provisions of Section
9 312.203, a taxing unit, including ~~[other than]~~ a municipality
10 ~~[city]~~, may elect to offer the owners of taxable real property in a
11 reinvestment zone designated ~~[created]~~ under this chapter an
12 exemption from taxation of all or part of the value of the property.
13 To be effective, an ~~[Any]~~ agreement under this subsection to exempt
14 real property ~~[concerning an exemption]~~ from ad valorem taxes must
15 be approved by:

16 (1) the board of directors of the reinvestment zone;
17 and

18 (2) the governing body of each taxing unit that
19 imposes taxes on real property in the reinvestment zone and
20 deposits or agrees to deposit any of its tax increment into the tax
21 increment fund for the zone ~~[shall be executed in the manner and~~
22 ~~subject to the limitations of Chapter 312; provided, however, the~~
23 ~~property covered by the agreement need not be in a zone created~~
24 ~~pursuant to Chapter 312. A taxing unit may not offer a tax abatement~~
25 ~~agreement to property owners in the zone after it has entered into~~
26 ~~an agreement that its tax increments would be paid into the tax~~
27 ~~increment fund pursuant to Subsection (f)].~~

1 (1) The governing body of a municipality or county that
2 designates an area as a reinvestment zone may determine, in the
3 designating ordinance or order adopted under Section 311.003 or in
4 the ordinance or order adopted under Section 311.011 approving the
5 reinvestment zone financing plan for the zone, the portion of the
6 tax increment produced by the municipality or county that the
7 municipality or county is required to pay into the tax increment
8 fund for the zone. If a municipality or county does not determine
9 the portion of the tax increment produced by the municipality or
10 county that the municipality or county is required to pay into the
11 tax increment fund for a reinvestment zone, the municipality or
12 county is required to pay into the fund for the zone the entire tax
13 increment produced by the municipality or county, except as
14 provided by Subsection (b)(1).

15 (n) This subsection applies only to a school district whose
16 taxable value computed under Section 403.302(d), Government Code,
17 is reduced in accordance with Subdivision (4) [~~(5)~~] of that
18 subsection. In addition to the amount otherwise required to be paid
19 into the tax increment fund, the district shall pay into the fund an
20 amount equal to the amount by which the amount of taxes the district
21 would have been required to pay into the fund in the current year if
22 the district levied taxes at the rate the district levied in 2005
23 exceeds the amount the district is otherwise required to pay into
24 the fund in the year of the reduction[~~, not to exceed the amount the~~
25 ~~school district realizes from the reduction in the school~~
26 ~~district's taxable value under Section 403.302(d)(5), Government~~
27 ~~Code~~].

1 SECTION 15. Section 311.014(b), Tax Code, is amended to
2 read as follows:

3 (b) Tax increment and other funds deposited in the tax
4 increment fund of the zone shall be administered by the governing
5 body of the municipality or county that designated the zone or, if
6 delegated by the governing body, by the board of directors of the
7 zone, to implement the project plan and reinvestment zone financing
8 plan for the zone during the term of the zone, as it may be extended,
9 and for any period in which the zone remains in existence for
10 collection and disbursement pursuant to Section 311.017(d). Money
11 may be disbursed from the fund only to satisfy claims of holders of
12 tax increment bonds or notes issued for the zone, to pay project
13 costs for the zone, to make payments pursuant to an agreement made
14 under Section 311.010(b) or a program under Section 311.010(h)
15 dedicating revenue from the tax increment fund, or to repay other
16 obligations incurred for the zone.

17 SECTION 16. Sections 311.015(a) and (l), Tax Code, are
18 amended to read as follows:

19 (a) A municipality or county designating ~~creating~~ a
20 reinvestment zone may issue tax increment bonds or notes, the
21 proceeds of which may be used to make payments pursuant to
22 agreements made under Section 311.010(b), to make payments pursuant
23 to programs under Section 311.010(h), to pay project costs for the
24 reinvestment zone on behalf of which the bonds or notes were issued,
25 or to satisfy claims of holders of the bonds or notes. The
26 municipality or county may issue refunding bonds or notes for the
27 payment or retirement of tax increment bonds or notes previously

1 issued by it. In lieu of issuing bonds or notes under this
2 subsection, a municipality may issue certificates of obligation
3 under Subchapter C, Chapter 271, Local Government Code, to pay the
4 project costs for a zone and may use tax increment from the zone to
5 pay debt service on the certificates.

6 (1) A tax increment bond or note must mature on or before the
7 date by which the final payments of tax increment into the tax
8 increment fund are due [~~within 20 years of the date of issue~~].

9 SECTION 17. Section 311.016(a), Tax Code, is amended to
10 read as follows:

11 (a) On or before the 150th [~~90th~~] day following the end of
12 the fiscal year of the municipality or county, the governing body of
13 a municipality or county shall submit to the chief executive
14 officer of each taxing unit that levies property taxes on real
15 property in a reinvestment zone created by the municipality or
16 county a report on the status of the zone. The report must include:

17 (1) the amount and source of revenue in the tax
18 increment fund established for the zone;

19 (2) the amount and purpose of expenditures from the
20 fund;

21 (3) the amount of principal and interest due on
22 outstanding bonded indebtedness;

23 (4) the tax increment base and current captured
24 appraised value retained by the zone; and

25 (5) the captured appraised value shared by the
26 municipality or county and other taxing units, the total amount of
27 tax increments received, and any additional information necessary

1 to demonstrate compliance with the tax increment financing plan
2 adopted by the governing body of the municipality or county.

3 SECTION 18. Section 311.016(b), Tax Code, as amended by
4 Chapters 977 (H.B. 1820) and 1094 (H.B. 2120), Acts of the 79th
5 Legislature, Regular Session, 2005, is reenacted to read as
6 follows:

7 (b) The municipality or county shall send a copy of a report
8 made under this section to:

9 (1) the attorney general; and

10 (2) the comptroller.

11 SECTION 19. Section 311.017, Tax Code, is amended by
12 amending Subsection (a) and adding Subsections (a-1), (c), (d), and
13 (e) to read as follows:

14 (a) A reinvestment zone terminates on the earlier of:

15 (1) the termination date designated in the ordinance
16 or order, as applicable, designating ~~[creating]~~ the zone or an
17 earlier or later termination date designated by an ordinance or
18 order adopted under Section 311.007(b) ~~[subsequent to the ordinance~~
19 ~~or order creating the zone]~~; or

20 (2) the date on which all project costs, tax increment
21 bonds and interest on those bonds, and other obligations have been
22 paid in full.

23 (a-1) Notwithstanding the designation of a later
24 termination date under Section 311.007(b), a taxing unit that taxes
25 real property located in the zone, other than the municipality or
26 county that created the zone, is not required to pay any of its tax
27 increment into the tax increment fund for the zone for any tax year

1 after the termination date designated in the ordinance or order
2 designating the zone unless the governing body of the taxing unit
3 enters into an agreement to do so with the governing body of the
4 municipality or county that designated the zone.

5 (c) A zone designated under other law as described by
6 Section 311.0031 terminates for purposes of this chapter on the
7 date specified in the ordinance or order designating the zone as a
8 reinvestment zone under this chapter, regardless of whether the
9 zone has terminated under the other law under which the zone was
10 originally designated.

11 (d) Subject to Subsection (a-1), if tax increment bonds or
12 other obligations issued or incurred for the zone are outstanding
13 when the zone terminates, the zone remains in existence solely for
14 the purpose of collecting and disbursing tax increment with respect
15 to tax years during the designated term of the zone, as it may have
16 been extended. Those funds shall be used to pay the tax increment
17 bonds or other obligations issued or incurred for the zone.
18 Notwithstanding the other provisions of this subsection or the
19 extension of the term of a zone under Section 311.007, the
20 termination date of a zone for purposes of any contract entered into
21 by the board, or by the municipality or county that designated the
22 zone, remains the termination date designated by ordinance or order
23 in effect on the date the contract was executed unless a subsequent
24 amendment to the contract expressly provides otherwise.

25 (e) After termination of the zone, the governing body of the
26 municipality or county that designated the zone may continue the
27 zone for an additional period for the purpose of continuing the

1 implementation of the reinvestment zone project plan and financing
2 plan. In that event, although tax increment shall cease to be
3 deposited with respect to tax years following termination of the
4 zone, the zone shall retain all remaining funds, property, and
5 assets of the zone to be used to implement the plans as authorized
6 by the governing body.

7 SECTION 20. Chapter 311, Tax Code, is amended by adding
8 Section 311.021 to read as follows:

9 Sec. 311.021. ACT OR PROCEEDING PRESUMED VALID. (a) A
10 governmental act or proceeding of a municipality or county, the
11 board of directors of a reinvestment zone, or an entity acting under
12 Section 311.010(f) relating to the designation, operation, or
13 administration of a reinvestment zone or the implementation of a
14 project plan or reinvestment zone financing plan under this chapter
15 is conclusively presumed, as of the date it occurred, valid and to
16 have occurred in accordance with all applicable statutes and rules
17 if:

18 (1) the second anniversary of the effective date of
19 the act or proceeding has expired; and

20 (2) a lawsuit to annul or invalidate the act or
21 proceeding has not been filed on or before the later of that second
22 anniversary or August 1, 2009.

23 (b) This section does not apply to:

24 (1) an act or proceeding that was void at the time it
25 occurred;

26 (2) an act or proceeding that, under a statute of this
27 state or the United States, was a misdemeanor or felony at the time

1 the act or proceeding occurred;

2 (3) a rule that, at the time it was passed, was
3 preempted by a statute of this state or the United States, including
4 Section 1.06 or 109.57, Alcoholic Beverage Code; or

5 (4) a matter that on the effective date of the Act
6 enacting this section:

7 (A) is involved in litigation if the litigation
8 ultimately results in the matter being held invalid by a final
9 judgment of a court; or

10 (B) has been held invalid by a final judgment of a
11 court.

12 SECTION 21. Section 42.2516(b), Education Code, is amended
13 to read as follows:

14 (b) Subject to Subsections (b-1), (b-2), (f-1), (g), and
15 (h), but notwithstanding any other provision of this title, a
16 school district is entitled to state revenue necessary to provide
17 the district with the sum of:

18 (1) the amount of state revenue necessary to maintain
19 state and local revenue per student in weighted average daily
20 attendance in the amount equal to the greater of:

21 (A) the amount of state and local revenue per
22 student in weighted average daily attendance for the maintenance
23 and operations of the district available to the district for the
24 2005-2006 school year;

25 (B) the amount of state and local revenue per
26 student in weighted average daily attendance for the maintenance
27 and operations of the district to which the district would have been

1 entitled for the 2006-2007 school year under this chapter, as it
2 existed on January 1, 2006, or, if the district would have been
3 subject to Chapter 41, as that chapter existed on January 1, 2006,
4 the amount to which the district would have been entitled under that
5 chapter, based on the funding elements in effect for the 2005-2006
6 school year, if the district imposed a maintenance and operations
7 tax at the rate adopted by the district for the 2005 tax year; or

8 (C) the amount of state and local revenue per
9 student in weighted average daily attendance for the maintenance
10 and operations of the district to which the district would have been
11 entitled for the 2006-2007 school year under this chapter, as it
12 existed on January 1, 2006, or, if the district would have been
13 subject to Chapter 41, as that chapter existed on January 1, 2006,
14 the amount to which the district would have been entitled under that
15 chapter, based on the funding elements in effect for the 2005-2006
16 school year, if the district imposed a maintenance and operations
17 tax at the rate equal to the rate described by Section 26.08(i) or
18 (k)(1), Tax Code, as applicable, for the 2006 tax year;

19 (2) an amount equal to the product of \$2,500
20 multiplied by the number of classroom teachers, full-time
21 librarians, full-time counselors certified under Subchapter B,
22 Chapter 21, and full-time school nurses employed by the district
23 and entitled to a minimum salary under Section 21.402; ~~and~~

24 (3) an amount equal to the product of \$275 multiplied
25 by the number of students in average daily attendance in grades nine
26 through 12 in the district; and

27 (4) an amount equal to the amount the district is

1 required to pay into the tax increment fund for a reinvestment zone
2 under Section 311.013(n), Tax Code, in the current tax year.

3 SECTION 22. Section 42.253, Education Code, is amended by
4 adding Subsection (c-1) to read as follows:

5 (c-1) The amounts to be paid under Section 42.2516(b)(4)
6 shall be paid at the same time as other state revenue is paid to the
7 district. Payments shall be based on amounts paid under Section
8 42.2516(b)(4) for the preceding year. Any deficiency shall be paid
9 to the district at the same time the final amount to be paid to the
10 district is determined, and any overpayment shall be deducted from
11 the payments the district would otherwise receive in the following
12 year.

13 SECTION 23. Sections 403.302(d) and (i), Government Code,
14 are amended to read as follows:

15 (d) For the purposes of this section, "taxable value" means
16 the market value of all taxable property less:

17 (1) the total dollar amount of any residence homestead
18 exemptions lawfully granted under Section 11.13(b) or (c), Tax
19 Code, in the year that is the subject of the study for each school
20 district;

21 (2) one-half of the total dollar amount of any
22 residence homestead exemptions granted under Section 11.13(n), Tax
23 Code, in the year that is the subject of the study for each school
24 district;

25 (3) the total dollar amount of any exemptions granted
26 before May 31, 1993, within a reinvestment zone under agreements
27 authorized by Chapter 312, Tax Code;

1 (4) subject to Subsection (e), the total dollar amount
2 of any captured appraised value of property that:

3 (A) is within a reinvestment zone created on or
4 before May 31, 1999, or is proposed to be included within the
5 boundaries of a reinvestment zone as the boundaries of the zone and
6 the proposed portion of tax increment paid into the tax increment
7 fund by a school district are described in a written notification
8 provided by the municipality or the board of directors of the zone
9 to the governing bodies of the other taxing units in the manner
10 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
11 within the boundaries of the zone as those boundaries existed on
12 September 1, 1999, including subsequent improvements to the
13 property regardless of when made;

14 (B) generates taxes paid into a tax increment
15 fund created under Chapter 311, Tax Code, under a reinvestment zone
16 financing plan approved under Section 311.011(d), Tax Code, on or
17 before September 1, 1999; and

18 (C) is eligible for tax increment financing under
19 Chapter 311, Tax Code;

20 (5) ~~[for a school district for which a deduction from~~
21 ~~taxable value is made under Subdivision (4), an amount equal to the~~
22 ~~taxable value required to generate revenue when taxed at the school~~
23 ~~district's current tax rate in an amount that, when added to the~~
24 ~~taxes of the district paid into a tax increment fund as described by~~
25 ~~Subdivision (4)(B), is equal to the total amount of taxes the~~
26 ~~district would have paid into the tax increment fund if the district~~
27 ~~levied taxes at the rate the district levied in 2005,~~

1 ~~(6)~~ the total dollar amount of any captured
2 appraised value of property that:

3 (A) is within a reinvestment zone:

4 (i) created on or before December 31, 2008,
5 by a municipality with a population of less than 18,000; and

6 (ii) the project plan for which includes
7 the alteration, remodeling, repair, or reconstruction of a
8 structure that is included on the National Register of Historic
9 Places and requires that a portion of the tax increment of the zone
10 be used for the improvement or construction of related facilities
11 or for affordable housing;

12 (B) generates school district taxes that are paid
13 into a tax increment fund created under Chapter 311, Tax Code; and

14 (C) is eligible for tax increment financing under
15 Chapter 311, Tax Code;

16 (6) ~~(7)~~ the total dollar amount of any exemptions
17 granted under Section 11.251 or 11.253, Tax Code;

18 (7) ~~(8)~~ the difference between the comptroller's
19 estimate of the market value and the productivity value of land that
20 qualifies for appraisal on the basis of its productive capacity,
21 except that the productivity value estimated by the comptroller may
22 not exceed the fair market value of the land;

23 (8) ~~(9)~~ the portion of the appraised value of
24 residence homesteads of individuals who receive a tax limitation
25 under Section 11.26, Tax Code, on which school district taxes are
26 not imposed in the year that is the subject of the study, calculated
27 as if the residence homesteads were appraised at the full value

1 required by law;

2 (9) [~~(10)~~] a portion of the market value of property
3 not otherwise fully taxable by the district at market value because
4 of:

5 (A) action required by statute or the
6 constitution of this state that, if the tax rate adopted by the
7 district is applied to it, produces an amount equal to the
8 difference between the tax that the district would have imposed on
9 the property if the property were fully taxable at market value and
10 the tax that the district is actually authorized to impose on the
11 property, if this subsection does not otherwise require that
12 portion to be deducted; or

13 (B) action taken by the district under Subchapter
14 B or C, Chapter 313, Tax Code;

15 (10) [~~(11)~~] the market value of all tangible personal
16 property, other than manufactured homes, owned by a family or
17 individual and not held or used for the production of income;

18 (11) [~~(12)~~] the appraised value of property the
19 collection of delinquent taxes on which is deferred under Section
20 33.06, Tax Code;

21 (12) [~~(13)~~] the portion of the appraised value of
22 property the collection of delinquent taxes on which is deferred
23 under Section 33.065, Tax Code; and

24 (13) [~~(14)~~] the amount by which the market value of a
25 residence homestead to which Section 23.23, Tax Code, applies
26 exceeds the appraised value of that property as calculated under
27 that section.

1 (i) If the comptroller determines in the annual study that
2 the market value of property in a school district as determined by
3 the appraisal district that appraises property for the school
4 district, less the total of the amounts and values listed in
5 Subsection (d) as determined by that appraisal district, is valid,
6 the comptroller, in determining the taxable value of property in
7 the school district under Subsection (d), shall for purposes of
8 Subsection (d)(13) [~~(d)(14)~~] subtract from the market value as
9 determined by the appraisal district of residence homesteads to
10 which Section 23.23, Tax Code, applies the amount by which that
11 amount exceeds the appraised value of those properties as
12 calculated by the appraisal district under Section 23.23, Tax Code.
13 If the comptroller determines in the annual study that the market
14 value of property in a school district as determined by the
15 appraisal district that appraises property for the school district,
16 less the total of the amounts and values listed in Subsection (d) as
17 determined by that appraisal district, is not valid, the
18 comptroller, in determining the taxable value of property in the
19 school district under Subsection (d), shall for purposes of
20 Subsection (d)(13) [~~(d)(14)~~] subtract from the market value as
21 estimated by the comptroller of residence homesteads to which
22 Section 23.23, Tax Code, applies the amount by which that amount
23 exceeds the appraised value of those properties as calculated by
24 the appraisal district under Section 23.23, Tax Code.

25 SECTION 24. Section 373A.151(b), Local Government Code, is
26 amended to read as follows:

27 (b) In addition to other provisions of this subchapter that

1 modify or supersede the application of Chapter 311, Tax Code, to a
2 zone established under this subchapter, Section [~~Sections~~] 311.005
3 [~~and 311.006~~], Tax Code, does [~~do~~] not apply to a zone established
4 under this subchapter.

5 SECTION 25. Sections 311.003(e), (f), and (g), 311.006, and
6 311.013(d) and (e), Tax Code, are repealed.

7 SECTION 26. (a) The legislature validates and confirms all
8 governmental acts and proceedings of a municipality or county, the
9 board of directors of a reinvestment zone, or an entity acting under
10 Section 311.010(f), Tax Code, that were taken before the effective
11 date of this Act and relate to or are associated with the
12 designation, operation, or administration of a reinvestment zone or
13 the implementation of a project plan or reinvestment zone financing
14 plan under Chapter 311, Tax Code, including the extension of the
15 term of a reinvestment zone, as of the dates on which they occurred.
16 The acts and proceedings may not be held invalid because they were
17 not in accordance with Chapter 311, Tax Code, or other law.

18 (b) Subsection (a) of this section does not apply to any
19 matter that on the 30th day after the effective date of this Act:

20 (1) is involved in litigation if the litigation
21 ultimately results in the matter being held invalid by a final
22 judgment of a court; or

23 (2) has been held invalid by a final judgment of a
24 court.

25 SECTION 27. (a) Section 311.002(1), Tax Code, as amended by
26 this Act, applies to all costs described by that subdivision
27 regardless of when they were incurred.

1 (b) Section 311.0091, Tax Code, as amended by this Act,
2 applies only to an individual appointed by a conservation and
3 reclamation district to the board of directors of a reinvestment
4 zone on or after the effective date of this Act. An individual
5 appointed by a conservation and reclamation district to the board
6 of a reinvestment zone before the effective date of this Act is
7 governed by Section 311.0091, Tax Code, as that section existed
8 immediately before the effective date of this Act, and the former
9 law is continued in effect for that purpose.

10 (c) Section 311.012(c), Tax Code, as amended by this Act,
11 applies only to the determination of the tax increment base of a
12 taxing unit for a tax year beginning on or after the effective date
13 of this Act, except that if the tax increment base of a taxing unit
14 for a tax year beginning before the effective date was determined in
15 the manner provided by Section 311.012(c), Tax Code, as amended by
16 this Act, the determination is validated as if the amendment were in
17 accordance with Section 311.012(c), Tax Code, as that section
18 existed immediately before the effective date of this Act.

19 SECTION 28. Section 42.2516, Education Code, as amended by
20 this Act, applies as if Subsection (b)(4) of that section were in
21 effect in the state fiscal year beginning September 1, 2006, and any
22 amounts due a school district under Subsection (b)(4) of that
23 section for the state fiscal years beginning September 1, 2006,
24 September 1, 2007, and September 1, 2008, shall be paid to the
25 district in the state fiscal year beginning September 1, 2009, at
26 the time payments are made to the district under Section 42.259(f),
27 Education Code.

