

AN ACT

relating to the authority of certain taxing units to enter into an ad valorem tax abatement agreement.

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

SECTION 1. Section 312.006, Tax Code, as amended by Chapters 1029 (H.B. 1449) and 1505 (H.B. 1200), Acts of the 77th Legislature, Regular Session, 2001, is reenacted and amended to read as follows:

Sec. 312.006. EXPIRATION DATE. If not continued in effect, this chapter expires September 1, 2019 [~~2009~~].

SECTION 2. Subchapter A, Chapter 312, Tax Code, is amended by adding Section 312.007 to read as follows:

Sec. 312.007. DEFERRAL OF COMMENCEMENT OF ABATEMENT PERIOD.

(a) In this section, "abatement period" means the period during which all or a portion of the value of real property or tangible personal property that is the subject of a tax abatement agreement is exempt from taxation.

(b) Notwithstanding any other provision of this chapter, the governing body of the taxing unit granting the abatement and the owner of the property that is the subject of the agreement may agree to defer the commencement of the abatement period until a date that is subsequent to the date the agreement is entered into, except that the duration of an abatement period may not exceed 10 years.

SECTION 3. Section 312.402, Tax Code, is amended by

1 amending Subsection (a) and adding Subsections (a-1), (a-2), and
2 (a-3) to read as follows:

3 (a) The commissioners court may execute a tax abatement
4 agreement with the owner of taxable real property located in a
5 reinvestment zone designated under this subchapter or with the
6 owner of tangible personal property located on real property in a
7 reinvestment zone to exempt from taxation all or a portion of the
8 value of the real property, all or a portion of the value of the
9 tangible personal property located on the real property, or all or a
10 portion of the value of both[. ~~The court may execute a tax~~
11 ~~abatement agreement with the owner of a leasehold interest in~~
12 ~~tax-exempt real property or leasehold interests or improvements on~~
13 ~~tax-exempt real property that is located in a reinvestment zone~~
14 ~~designated under this subchapter to exempt a portion of the value of~~
15 ~~tangible personal property or leasehold interests or improvements~~
16 ~~on tax-exempt real property located on the real property. The~~
17 ~~execution, duration, and other terms of an agreement made under~~
18 ~~this section are governed by the provisions of Sections 312.204,~~
19 ~~312.205, and 312.211 applicable to a municipality. Section~~
20 ~~312.2041 applies to an agreement made by a county under this section~~
21 ~~in the same manner as it applies to an agreement made by a~~
22 ~~municipality under Section 312.204 or 312.211].~~

23 (a-1) The commissioners court may execute a tax abatement
24 agreement with the owner of a leasehold interest in tax-exempt real
25 property located in a reinvestment zone designated under this
26 subchapter to exempt all or a portion of the value of the leasehold
27 interest in the real property. The court may execute a tax

1 abatement agreement with the owner of tangible personal property or
2 an improvement located on tax-exempt real property that is located
3 in a designated reinvestment zone to exempt all or a portion of the
4 value of the tangible personal property or improvement located on
5 the real property.

6 (a-2) The execution, duration, and other terms of an
7 agreement entered into under this section are governed by the
8 provisions of Sections 312.204, 312.205, and 312.211 applicable to
9 a municipality. Section 312.2041 applies to an agreement entered
10 into under this section in the same manner as that section applies
11 to an agreement entered into under Section 312.204 or 312.211.

12 (a-3) The commissioners court may execute a tax abatement
13 agreement with a lessee of taxable real property located in a
14 reinvestment zone designated under this subchapter to exempt from
15 taxation all or a portion of the value of the fixtures,
16 improvements, or other real property owned by the lessee and
17 located on the property that is subject to the lease, all or a
18 portion of the value of tangible personal property owned by the
19 lessee and located on the real property that is the subject of the
20 lease, or all or a portion of the value of both the fixtures,
21 improvements, or other real property and the tangible personal
22 property described by this subsection.

23 SECTION 4. Section 312.007, Tax Code, as added by this Act,
24 is intended to clarify rather than change existing law.

25 SECTION 5. An ad valorem tax abatement agreement that was
26 executed before the effective date of this Act by the commissioners
27 court of a county and an owner of taxable real property or tangible

1 personal property or an owner of a leasehold interest in tax-exempt
2 real property, under Section 312.402, Tax Code, as that section
3 existed before the effective date of this Act, that provides for an
4 exemption from taxation of all or a portion of the value of real
5 property, tangible personal property, or both, or of all or a
6 portion of the value of a leasehold interest in tax-exempt real
7 property, that is not invalid for a reason other than an
8 inconsistency with Section 312.402, Tax Code, as that section
9 existed before the effective date of this Act, and that is
10 consistent with Section 312.402, Tax Code, as amended by this Act,
11 is ratified and validated as of the date the agreement was executed.

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

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1458 passed the Senate on April 16, 2009, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 30, 2009, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1458 passed the House, with amendment, on May 27, 2009, by the following vote: Yeas 148, Nays 0, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor