

SENATE AMENDMENTS

2nd Printing

By: Rodriguez

H.B. No. 3983

A BILL TO BE ENTITLED

AN ACT

relating to certain homestead preservation reinvestment zones.

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

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

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

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

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

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

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

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

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

1 appropriate.

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

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

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

10 SECTION 4. This Act takes effect September 1, 2009.

ADOPTED

MAY 21 2009

Leta Spaw
Secretary of the Senate

By: RODRIGUEZ (WATSON)

H.B. No. 3983

Substitute the following for H.B. No. 3983:

By: *Theresa Watson*

C.S. H.B. No. 3983

A BILL TO BE ENTITLED

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1

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

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

6 (b) The county shall pay into the tax increment fund for the
7 zone the same percentage of the tax increment produced by the county
8 that [~~an amount equal to the tax increment paid by~~] the municipality
9 pays into the fund [~~as specified in the order adopted under Section~~
10 ~~373A.1522~~].

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

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

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

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

23 SECTION 3. Subchapter D, Chapter 373A, Local Government
24 Code, is amended by adding Section 373A.159 to read as follows:

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

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

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

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

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

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

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

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

1 appropriate.

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

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

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

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

13 SECTION 4. This Act takes effect September 1, 2009.

FLOOR AMENDMENT NO. 1

ADOPTED

MAY 22 2009

BY: Wendy N Davis

John Spaw
Secretary of the Senate

1 Amend H.B. 3983 (senate committee report) between SECTION 3
2 and SECTION 4 of the bill (page 2, between lines 8 and 9), by
3 inserting the following new SECTIONS 4 and 5, and renumbering
4 the following SECTION accordingly:

5 SECTION 4. Subsection (b), Section 311.010, Tax Code, is
6 amended to read as follows:

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

1 revenue from the tax increment fund to pay the costs of
2 providing affordable housing or areas of public assembly in or
3 out of the zone. ~~[An agreement may dedicate revenue from the~~
4 ~~tax increment fund to pay a neighborhood enterprise association~~
5 ~~for providing services or carrying out projects authorized under~~
6 ~~Subchapters E and G, Chapter 2303, Government Code, in the zone.~~
7 ~~The term of an agreement with a neighborhood enterprise~~
8 ~~association may not exceed 10 years.]~~

9 SECTION 5. Subsection (g), Section 311.013, Tax Code, is
10 amended to read as follows:

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

21 (1) the board of directors of the reinvestment zone;
22 and

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

1 ~~paid into the tax increment fund pursuant to Subsection (f)]~~.

MAY 22 2009

Henry Law
Secretary of the Senate

1 Amend C.S.H.B. No. 3983 (senate committee printing) as
2 follows:

3 (1) Add the following appropriately numbered SECTION to
4 the bill and renumber subsequent SECTIONS of the bill
5 accordingly:

6 SECTION ____ . STUDY REGARDING CIRCUIT BREAKER PROGRAMS. (a)
7 In this section, "circuit breaker program" means a program that
8 limits the amount of ad valorem taxes that may be imposed on a
9 residence homestead based on the owner's annual income.

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

14 (c) The limitations set out in Section 373A.003 shall not
15 apply to this section.

16 (d) Before collecting information for purposes of the
17 study, the comptroller shall establish an advisory committee to
18 assist the comptroller in conducting the study. The advisory
19 committee must be composed of representatives of:

- 20 (1) school districts and other taxing units;
- 21 (2) home builders;
- 22 (3) real estate agents;
- 23 (4) mortgage lenders;
- 24 (5) financial agencies involved in mortgage markets;
- 25 (6) organizations interested in housing for low-
- 26 income and moderate-income households;
- 27 (7) organizations interested in the effect of ad
- 28 valorem taxes on low-income and moderate-income households;
- 29 (8) organizations interested in the effect of public

1 policy on low-income and moderate-income households; and

2 (9) other appropriate, interested organizations or
3 members of the public, as determined by the comptroller.

4 (e) The comptroller, with the assistance of the advisory
5 committee, shall study:

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

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

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

14 (A) limiting which taxing units are involved;

15 (B) basing eligibility on a maximum annual
16 income level;

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

19 (D) basing eligibility on a minimum ratio of
20 residence homestead ad valorem taxes imposed to annual income,
21 including a progressive scale of minimum ratios based on annual
22 income; and

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

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

27 (1) describes the parameters, techniques, and legal
28 assumptions established under Subsection (d) of this section
29 that were used in conducting the study;

30 (2) estimates the benefit of alternative designs of a
31 circuit breaker program for property owners in various annual

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1 income brackets and with varying amounts of residence homestead
2 ad valorem tax liability, including an estimate of the
3 percentage of property owners in various annual income brackets
4 that would benefit and the dollar amount of the benefit to those
5 property owners;

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

10 (4) analyzes the effects on this state's economy of
11 implementing a circuit breaker program, including the effect on
12 home ownership rates, the residential housing market, and
13 economic development; and

14 (5) specifies any necessary statutory changes the
15 comptroller and the advisory committee determine are necessary
16 to implement a circuit breaker program described by the study.

17 (g) The comptroller may contract with appraisal districts,
18 taxing units, or other appropriate organizations for assistance
19 and to obtain information necessary to conduct the study. A
20 state agency, appraisal district, or taxing unit shall assist
21 the comptroller if the comptroller requests information or
22 assistance in conducting the study.

23 (h) Not later than December 1, 2010, the comptroller shall
24 submit to the governor, lieutenant governor, and speaker of the
25 house of representatives the report prepared under Subsection
26 (e) of this section.

27 (i) This article expires September 1, 2011.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 23, 2009

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3983 by Rodriguez (Relating to certain homestead preservation reinvestment zones.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 573A, Local Government Code, regarding tax rates and board membership for certain homestead preservation reinvestment zones.

The bill would amend Section 311.013(g), Tax Code, regarding allowable uses of dedicated tax increment financing funds and requirements for an agreement to exempt real property from ad valorem taxes under the subsection.

The bill would require the Comptroller of Public Accounts to conduct a study to examine circuit breaker programs as a means of expanding and protecting the homestead interests of low-income and moderate-income families. The bill includes requirements associated with conducting the study, including authorizing the comptroller to contract with appraisal districts, taxing units, or other appropriate organizations for assistance and to obtain information necessary to conduct the study. A state agency, appraisal district, or taxing unit would be required to assist the comptroller if requested. Not later than December 1, 2010, the comptroller would be required to submit the report on the study to the governor, lieutenant governor, and speaker of the house of representatives. This part of the bill would expire September 1, 2011.

The bill would take effect September 1, 2009.

Based on analysis from the Comptroller of Public Accounts, it is anticipated that implementation of provisions of the bill could be absorbed within existing resources.

Local Government Impact

No significant fiscal implications to units of local government is anticipated regarding the proposed change to Chapter 573A, Local Government Code.

The proposed change to Section 311.013(g), Tax Code, would permit municipalities to offer a property tax exemption in lieu of payment of a portion of its tax increment into the tax increment fund. Currently cities are able to grant abatements under Chapter 312, Tax Code. Allowing a city to grant an abatement under Chapter 311, Tax Code and striking the existing provision requiring Chapter 311, Tax Code, abatements to follow the provisions of Chapter 312, Tax Code, could result in additional property tax abatements with longer or more favorable terms. The cost of any additional abatements to local government cannot be estimated.

The fiscal impact to an appraisal district, taxing unit, or other local government entity in response to a request for assistance from the comptroller would depend on the specifics of the request and conditions of a contract related to providing that assistance.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, JRO, DB

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 20, 2009

TO: Honorable Chris Harris, Chair, Senate Committee on Economic Development

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3983 by Rodriguez (Relating to certain homestead preservation reinvestment zones.),
Committee Report 2nd House, Substituted

No fiscal implication to the State is anticipated.

The bill would amend the Local Government Code regarding tax rates and board membership for certain preservation reinvestment zones.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JOB, JRO, DB, MN

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 15, 2009

TO: Honorable Chris Harris, Chair, Senate Committee on Economic Development

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3983 by Rodriguez (Relating to certain homestead preservation reinvestment zones.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend the Local Government Code regarding tax rates and board membership for certain preservation reinvestment zones.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JOB, JRO, DB, MN

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 24, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3983 by Rodriguez (Relating to certain homestead preservation reinvestment zones.),
Committee Report 1st House, Substituted

No fiscal implication to the State is anticipated.

The bill would amend the Local Government Code regarding tax rates and board membership for certain preservation reinvestment zones.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JOB, DB, MN

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 6, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3983 by Rodriguez (Relating to certain homestead preservation reinvestment zones.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend the Local Government Code regarding tax rates and board membership for certain preservation reinvestment zones.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JOB, MN, DB

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

TAX/FEE EQUITY NOTE

81ST LEGISLATIVE REGULAR SESSION

April 24, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3983 by Rodriguez (Relating to certain homestead preservation reinvestment zones.),
Committee Report 1st House, Substituted

Because the bill would not create or impact a state tax or fee, no comment from this office is required by the rules of the House as to the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.

Source Agencies:

LBB Staff: JOB, MN

LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY NOTE

81ST LEGISLATIVE REGULAR SESSION

April 7, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3983 by Rodriguez (Relating to certain homestead preservation reinvestment zones.), **As Introduced**

Because the bill would not create or impact a state tax or fee, no comment from this office is required by the rules of the House as to the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.

Source Agencies:

LBB Staff: JOB, MN