

AN ACT

relating to tax increment financing.

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

SECTION 1. Section 311.002(1), Tax Code, is amended to read as follows:

(1) "Project costs" means the expenditures made or estimated to be made and monetary obligations incurred or estimated to be incurred by the municipality or county designating ~~establishing~~ a reinvestment zone that are listed in the project plan as costs of public works, ~~or~~ public improvements, programs, or other projects benefiting ~~in~~ the zone, plus other costs incidental to those expenditures and obligations. "Project costs" include:

(A) capital costs, including the actual costs of the acquisition and construction of public works, public improvements, new buildings, structures, and fixtures; the actual costs of the acquisition, demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and fixtures; the actual costs of the remediation of conditions that contaminate public or private land or buildings; the actual costs of the preservation of the facade of a public or private building; the actual costs of the demolition of public or private buildings; and the actual costs of the acquisition of land and equipment and the clearing and grading of land;

1 (B) financing costs, including all interest paid
2 to holders of evidences of indebtedness or other obligations issued
3 to pay for project costs and any premium paid over the principal
4 amount of the obligations because of the redemption of the
5 obligations before maturity;

6 (C) real property assembly costs;

7 (D) professional service costs, including those
8 incurred for architectural, planning, engineering, and legal
9 advice and services;

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

14 (F) relocation costs;

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

19 (H) interest before and during construction and
20 for one year after completion of construction, whether or not
21 capitalized;

22 (I) the cost of operating the reinvestment zone
23 and project facilities;

24 (J) the amount of any contributions made by the
25 municipality or county from general revenue for the implementation
26 of the project plan; ~~and~~

27 (K) the costs of school buildings, other

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

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

8 SECTION 2. Section 311.003(b), Tax Code, is amended to read
9 as follows:

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

16 SECTION 3. Section 311.005(a), Tax Code, is amended to read
17 as follows:

18 (a) To be designated as a reinvestment zone, an area must:

19 (1) substantially arrest or impair the sound growth of
20 the municipality or county designating ~~[creating]~~ the zone, retard
21 the provision of housing accommodations, or constitute an economic
22 or social liability and be a menace to the public health, safety,
23 morals, or welfare in its present condition and use because of the
24 presence of:

25 (A) a substantial number of substandard, slum,
26 deteriorated, or deteriorating structures;

27 (B) the predominance of defective or inadequate

1 sidewalk or street layout;

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

4 (D) unsanitary or unsafe conditions;

5 (E) the deterioration of site or other
6 improvements;

7 (F) tax or special assessment delinquency
8 exceeding the fair value of the land;

9 (G) defective or unusual conditions of title;

10 (H) conditions that endanger life or property by
11 fire or other cause; or

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

17 (2) be predominantly open or undeveloped and, because
18 of obsolete platting, deterioration of structures or site
19 improvements, or other factors, substantially impair or arrest the
20 sound growth of the municipality or county;

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

24 (4) be an area described in a petition requesting that
25 the area be designated as a reinvestment zone, if the petition is
26 submitted to the governing body of the municipality or county by the
27 owners of property constituting at least 50 percent of the

1 appraised value of the property in the area according to the most
2 recent certified appraisal roll for the county in which the area is
3 located.

4 SECTION 4. Sections 311.006(a) and (b), Tax Code, are
5 amended to read as follows:

6 (a) A municipality may not designate ~~[create]~~ a
7 reinvestment zone if:

8 (1) more than 30 ~~[10]~~ percent of the property in the
9 proposed zone, excluding property that is publicly owned, is used
10 for residential purposes; or

11 (2) the total appraised value of taxable real property
12 in the proposed zone and in existing reinvestment zones exceeds:

13 (A) 25 ~~[20]~~ percent of the total appraised value
14 of taxable real property in the municipality and in the industrial
15 districts created by the municipality, if the municipality has a
16 population of 100,000 or more ~~[is the county seat of a county:~~

17 ~~[(i) that is adjacent to a county with a~~
18 ~~population of 3.3 million or more, and~~

19 ~~[(ii) in which a planned community is~~
20 ~~located that has 20,000 or more acres of land, that was originally~~
21 ~~established under the Urban Growth and New Community Development~~
22 ~~Act of 1970 (42 U.S.C. Section 4501 et seq.), and that is subject to~~
23 ~~restrictive covenants containing ad valorem or annual variable~~
24 ~~budget-based assessments on real property]; or~~

25 (B) 50 ~~[15]~~ percent of the total appraised value
26 of taxable real property in the municipality and in the industrial
27 districts created by the municipality, if ~~[Paragraph (A) does not~~

1 ~~apply to~~] the municipality has a population of less than 100,000.

2 (b) A municipality may not change the boundaries of an
3 existing reinvestment zone to include property in excess of the
4 restrictions on composition of a zone described by Subsection (a)
5 ~~[more than 10 percent of which, excluding property dedicated to~~
6 ~~public use, is used for residential purposes or to include more than~~
7 ~~15 percent of the total appraised value of taxable real property in~~
8 ~~the municipality and in the industrial districts created by the~~
9 ~~municipality].~~

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

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

13 SECTION 6. Section 311.007, Tax Code, is amended by adding
14 Subsection (c) to read as follows:

15 (c) The governing body of the municipality or county that
16 designated a reinvestment zone by ordinance or resolution or by
17 order or resolution, respectively, may extend the term of all or a
18 portion of the zone after notice and hearing in the manner provided
19 for the designation of the zone. A taxing unit other than the
20 municipality or county that designated the zone is not required to
21 participate in the zone or portion of the zone for the extended term
22 unless the taxing unit enters into a written agreement to do so.

23 SECTION 7. Section 311.008(b), Tax Code, is amended to read
24 as follows:

25 (b) A municipality or county may exercise any power
26 necessary and convenient to carry out this chapter, including the
27 power to:

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

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

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

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

15 (A) acquire blighted, deteriorated,
16 deteriorating, undeveloped, or inappropriately developed real
17 property or other property in a blighted area or in a federally
18 assisted new community in the zone for the preservation or
19 restoration of historic sites, beautification or conservation, the
20 provision of public works or public facilities, or other public
21 purposes;

22 (B) acquire, construct, reconstruct, or install
23 public works, facilities, or sites or other public improvements,
24 including utilities, streets, street lights, water and sewer
25 facilities, pedestrian malls and walkways, parks, flood and
26 drainage facilities, or parking facilities, but not including
27 educational facilities; or

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

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

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

22 (b) If the zone was designated under Section 311.005(a)(4),
23 the governing body of the municipality or county that designated
24 the zone may provide that the board of directors of the zone
25 consists of nine members appointed as provided by this subsection,
26 unless more than nine members are required to comply with this
27 subsection. Each taxing unit [~~school district, county, or~~

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

25 (e) To be eligible for appointment to the board by the
26 governing body of the municipality or county that designated
27 [~~created~~] the zone, an individual must be at least 18 years of age

1 and:

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

3 (A) be a resident of the county in which the zone
4 is located or a county adjacent to that county [~~qualified voter of~~
5 ~~the municipality or county, as applicable~~]; or

6 (B) [~~be at least 18 years of age and~~] own real
7 property in the zone, whether or not the individual resides in the
8 [~~municipality or~~] county in which the zone is located or a county
9 adjacent to that county; or

10 (2) if the board is covered by Subsection (b), + [~~+~~

11 [~~(A) be at least 18 years of age, and~~

12 [~~(B)~~] own real property in the zone or be an
13 employee or agent of a person that owns real property in the zone.

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

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

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

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

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

26 (1) created under Section 59, Article XVI, Texas
27 Constitution; and

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

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

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

8 (h) Subject to the approval of the governing body of the
9 municipality or county that designated [~~created~~] the zone, the
10 board of directors of a reinvestment zone, as necessary or
11 convenient to implement the project plan and reinvestment zone
12 financing plan and achieve their purposes, may establish and
13 provide for the administration of one or more programs for the
14 public purposes of developing and diversifying the economy of the
15 zone, eliminating unemployment and underemployment in the zone, and
16 developing or expanding transportation, business, and commercial
17 activity in the zone, including programs to make grants and loans
18 from the tax increment fund of the zone in an aggregate amount not
19 to exceed the amount of the tax increment produced by the
20 municipality and paid into the tax increment fund for the zone for
21 activities that benefit the zone and stimulate business and
22 commercial activity in the zone. For purposes of this subsection,
23 on approval of the municipality or county, the board of directors of
24 the zone has all the powers of a municipality under Chapter 380,
25 Local Government Code. The approval required by this subsection may
26 be granted in an ordinance, in the case of a zone designated by a
27 municipality, or in an order, in the case of a zone designated by a

1 county, approving a project plan or reinvestment zone financing
2 plan or approving an amendment to a project plan or reinvestment
3 zone financing plan.

4 SECTION 11. Section 311.011, Tax Code, is amended by
5 amending Subsections (a), (b), (c), (d), and (g) and adding
6 Subsection (h) to read as follows:

7 (a) The board of directors of a reinvestment zone shall
8 prepare and adopt a project plan and a reinvestment zone financing
9 plan for the zone and submit the plans to the governing body of the
10 municipality or county that designated ~~[created]~~ the zone. ~~[The~~
11 ~~plans must be as consistent as possible with the preliminary plans~~
12 ~~developed for the zone before the creation of the board.]~~

13 (b) The project plan must include:

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

17 (2) proposed changes of zoning ordinances, the master
18 plan of the municipality, building codes, other municipal
19 ordinances, and subdivision rules and regulations, if any, of the
20 county, if applicable;

21 (3) a list of estimated nonproject costs; and

22 (4) a statement of a method of relocating persons to be
23 displaced, if any, as a result of implementing the plan.

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

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

27 (2) a statement listing the proposed kind, number, and

1 location of all [~~proposed~~] public works or public improvements to
2 be financed by [~~in~~] the zone;

3 (3) a finding that the plan is economically feasible
4 and an economic feasibility study;

5 (4) the estimated amount of bonded indebtedness to be
6 incurred;

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

9 (6) a description of the methods of financing all
10 estimated project costs and the expected sources of revenue to
11 finance or pay project costs, including the percentage of tax
12 increment to be derived from the property taxes of each taxing unit
13 anticipated to contribute tax increment to the zone that levies
14 taxes on real property in the zone;

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

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

19 (9) the duration of the zone.

20 (d) The governing body of the municipality or county that
21 designated [~~created~~] the zone must approve a project plan or
22 reinvestment zone financing plan after its adoption by the board.
23 The approval must be by ordinance, in the case of a municipality, or
24 by order, in the case of a county, that finds that the plan is
25 feasible [~~and conforms to the master plan, if any, of the~~
26 ~~municipality or to subdivision rules and regulations, if any, of~~
27 ~~the county~~].

1 (g) A ~~[An amendment to the project plan or the reinvestment~~
2 ~~zone financing plan for a zone does not apply to a]~~ school district
3 that participates in a a ~~[the]~~ zone is not required to increase the
4 percentage or amount of the tax increment to be contributed by the
5 school district because of an amendment to the project plan or
6 reinvestment zone financing plan for the zone unless the governing
7 body of the school district by official action approves the
8 amendment ~~[, if the amendment:~~

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

12 ~~[(2) requires or authorizes the municipality or county~~
13 ~~creating the zone to issue additional tax increment bonds or~~
14 ~~notes].~~

15 (h) Unless specifically provided otherwise in the plan, all
16 amounts contained in the project plan or reinvestment zone
17 financing plan, including amounts of expenditures relating to
18 project costs and amounts relating to participation by taxing
19 units, are considered estimates and do not act as a limitation on
20 the described items, but the amounts contained in the project plan
21 or reinvestment zone financing plan may not vary materially from
22 the estimates. This subsection may not be construed to increase the
23 amount of any reduction under Section 403.302(d)(4), Government
24 Code, in the total taxable value of the property in a school
25 district that participates in the zone as computed under Section
26 403.302(d) of that code.

27 SECTION 12. Sections 311.012(b) and (c), Tax Code, are

1 amended to read as follows:

2 (b) The captured appraised value of real property taxable by
3 a taxing unit for a year is the total taxable [~~appraised~~] value of
4 all real property taxable by the unit and located in a reinvestment
5 zone for that year less the tax increment base of the unit.

6 (c) The tax increment base of a taxing unit is the total
7 taxable [~~appraised~~] value of all real property taxable by the unit
8 and located in a reinvestment zone for the year in which the zone
9 was designated under this chapter. If the boundaries of a zone are
10 enlarged, the tax increment base is increased by the taxable value
11 of the real property added to the zone for the year in which the
12 property was added. If the boundaries of a zone are reduced, the tax
13 increment base is reduced by the taxable value of the real property
14 removed from the zone for the year in which the property was
15 originally included in the zone's boundaries. If the municipality
16 that designates a zone does not levy an ad valorem tax in the year in
17 which the zone is designated, the tax increment base is determined
18 by the appraisal district in which the zone is located using
19 assumptions regarding exemptions and other relevant information
20 provided to the appraisal district by the municipality.

21 SECTION 13. Sections 311.013(f) and (l), Tax Code, are
22 amended to read as follows:

23 (f) A taxing unit is not required to pay into the tax
24 increment fund any of its tax increment produced from property
25 located in a reinvestment zone designated under Section 311.005(a)
26 or in an area added to a reinvestment zone under Section 311.007
27 unless the taxing unit enters into an agreement to do so with the

1 governing body of the municipality or county that designated
2 [~~created~~] the zone. A taxing unit may enter into an agreement under
3 this subsection at any time before or after the zone is designated
4 [~~created~~] or enlarged. The agreement may include conditions for
5 payment of that tax increment into the fund and must specify the
6 portion of the tax increment to be paid into the fund and the years
7 for which that tax increment is to be paid into the fund. In
8 addition to any other terms to which the parties may agree, the
9 agreement may specify the projects to which a participating taxing
10 unit's tax increment will be dedicated and that the taxing unit's
11 participation may be computed with respect to a base year later than
12 the original base year of the zone. The agreement and the conditions
13 in the agreement are binding on the taxing unit, the municipality or
14 county, and the board of directors of the zone.

15 (1) The governing body of a municipality or county that
16 designates an area as a reinvestment zone may determine, in the
17 designating ordinance or order adopted under Section 311.003 or in
18 the ordinance or order adopted under Section 311.011 approving the
19 reinvestment zone financing plan for the zone, the portion of the
20 tax increment produced by the municipality or county that the
21 municipality or county is required to pay into the tax increment
22 fund for the zone. If a municipality or county does not determine
23 the portion of the tax increment produced by the municipality or
24 county that the municipality or county is required to pay into the
25 tax increment fund for a reinvestment zone, the municipality or
26 county is required to pay into the fund for the zone the entire tax
27 increment produced by the municipality or county, except as

1 provided by Subsection (b)(1).

2 SECTION 14. Sections 311.015(a) and (1), Tax Code, are
3 amended to read as follows:

4 (a) A municipality designating [~~creating~~] a reinvestment
5 zone may issue tax increment bonds or notes, the proceeds of which
6 may be used to make payments pursuant to agreements made under
7 Section 311.010(b), to pay project costs for the reinvestment zone
8 on behalf of which the bonds or notes were issued, or to satisfy
9 claims of holders of the bonds or notes. The municipality may issue
10 refunding bonds or notes for the payment or retirement of tax
11 increment bonds or notes previously issued by it.

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

15 SECTION 15. Section 311.016(a), Tax Code, is amended to
16 read as follows:

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

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

25 (2) the amount and purpose of expenditures from the
26 fund;

27 (3) the amount of principal and interest due on

1 outstanding bonded indebtedness;

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

4 (5) the captured appraised value shared by the
5 municipality or county and other taxing units, the total amount of
6 tax increments received, and any additional information necessary
7 to demonstrate compliance with the tax increment financing plan
8 adopted by the governing body of the municipality or county.

9 SECTION 16. Section 311.016(b), Tax Code, as amended by
10 Chapters 977 (H.B. 1820) and 1094 (H.B. 2120), Acts of the 79th
11 Legislature, Regular Session, 2005, is reenacted and amended to
12 read as follows:

13 (b) The municipality or county shall send a copy of a report
14 made under this section to[+]

15 [~~(1) the attorney general, and~~

16 [~~(2)~~] the comptroller.

17 SECTION 17. Section 311.017(a), Tax Code, is amended to
18 read as follows:

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

20 (1) the termination date designated in the ordinance
21 or order, as applicable, designating [~~creating~~] the zone or an
22 earlier or later termination date designated by an ordinance or
23 order adopted under Section 311.007(c) [~~subsequent to the ordinance~~
24 ~~or order creating the zone~~]; or

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

1 SECTION 18. Chapter 311, Tax Code, is amended by adding
2 Section 311.021 to read as follows:

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

12 (1) the third anniversary of the effective date of the
13 act or proceeding has expired; and

14 (2) a lawsuit to annul or invalidate the act or
15 proceeding has not been filed on or before the later of that second
16 anniversary or August 1, 2011.

17 (b) This section does not apply to:

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

20 (2) an act or proceeding that, under a statute of this
21 state or the United States, was a misdemeanor or felony at the time
22 the act or proceeding occurred;

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

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

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

4 (B) has been held invalid by a final judgment of a
5 court.

6 SECTION 19. Section 403.302(d), Government Code, as amended
7 by Chapters 1186 (H.B. 3676) and 1328 (H.B. 3646), Acts of the 81st
8 Legislature, Regular Session, 2009, is reenacted and amended to
9 read as follows:

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

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

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

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

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

25 (A) is within a reinvestment zone created on or
26 before May 31, 1999, or is proposed to be included within the
27 boundaries of a reinvestment zone as the boundaries of the zone and

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

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

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

15 (5) the total dollar amount of any captured appraised
16 value of property that:

17 (A) is within a reinvestment zone:

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

20 (ii) the project plan for which includes
21 the alteration, remodeling, repair, or reconstruction of a
22 structure that is included on the National Register of Historic
23 Places and requires that a portion of the tax increment of the zone
24 be used for the improvement or construction of related facilities
25 or for affordable housing;

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

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

3 (6) the total dollar amount of any exemptions granted
4 under Section 11.251 or 11.253, Tax Code;

5 (7) the difference between the comptroller's estimate
6 of the market value and the productivity value of land that
7 qualifies for appraisal on the basis of its productive capacity,
8 except that the productivity value estimated by the comptroller may
9 not exceed the fair market value of the land;

10 (8) the portion of the appraised value of residence
11 homesteads of individuals who receive a tax limitation under
12 Section 11.26, Tax Code, on which school district taxes are not
13 imposed in the year that is the subject of the study, calculated as
14 if the residence homesteads were appraised at the full value
15 required by law;

16 (9) a portion of the market value of property not
17 otherwise fully taxable by the district at market value because of:

18 (A) action required by statute or the
19 constitution of this state that, if the tax rate adopted by the
20 district is applied to it, produces an amount equal to the
21 difference between the tax that the district would have imposed on
22 the property if the property were fully taxable at market value and
23 the tax that the district is actually authorized to impose on the
24 property, if this subsection does not otherwise require that
25 portion to be deducted; or

26 (B) action taken by the district under Subchapter
27 B or C, Chapter 313, Tax Code, before the expiration of the

1 subchapter;

2 (10) the market value of all tangible personal
3 property, other than manufactured homes, owned by a family or
4 individual and not held or used for the production of income;

5 (11) the appraised value of property the collection of
6 delinquent taxes on which is deferred under Section 33.06, Tax
7 Code;

8 (12) the portion of the appraised value of property
9 the collection of delinquent taxes on which is deferred under
10 Section 33.065, Tax Code; and

11 (13) the amount by which the market value of a
12 residence homestead to which Section 23.23, Tax Code, applies
13 exceeds the appraised value of that property as calculated under
14 that section.

15 SECTION 20. Section 403.302(m), Government Code, as added
16 by Chapter 1186 (H.B. 3676), Acts of the 81st Legislature, Regular
17 Session, 2009, is amended to conform to Section 80, Chapter 1328
18 (H.B. 3646), Acts of the 81st Legislature, Regular Session, 2009,
19 to read as follows:

20 (m) Subsection (d)(9) [~~(d)(10)~~] does not apply to property
21 that was the subject of an application under Subchapter B or C,
22 Chapter 313, Tax Code, made after May 1, 2009, that the comptroller
23 recommended should be disapproved.

24 SECTION 21. Sections 311.003(e), (f), and (g), 311.006(c),
25 and 311.013(d) and (e), Tax Code, are repealed.

26 SECTION 22. (a) The legislature validates and confirms all
27 governmental acts and proceedings of a municipality or county, the

1 board of directors of a reinvestment zone, or an entity acting under
2 Section 311.010(f), Tax Code, that were taken before the effective
3 date of this Act and relate to or are associated with the
4 designation, operation, or administration of a reinvestment zone or
5 the implementation of a project plan or reinvestment zone financing
6 plan under Chapter 311, Tax Code, including the extension of the
7 term of a reinvestment zone, as of the dates on which they occurred.
8 The acts and proceedings may not be held invalid because they were
9 not in accordance with Chapter 311, Tax Code, or other law.

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

12 (1) is involved in litigation if the litigation
13 ultimately results in the matter being held invalid by a final
14 judgment of a court; or

15 (2) has been held invalid by a final judgment of a
16 court.

17 SECTION 23. (a) Section 311.002(1), Tax Code, as amended by
18 this Act, applies to all costs described by that subdivision
19 regardless of when they were incurred.

20 (b) Section 311.012(c), Tax Code, as amended by this Act,
21 applies only to the determination of the tax increment base of a
22 taxing unit for a tax year beginning on or after the effective date
23 of this Act, except that if the tax increment base of a taxing unit
24 for a tax year beginning before the effective date was determined in
25 the manner provided by Section 311.012(c), Tax Code, as amended by
26 this Act, the determination is validated as if the amendment were in
27 accordance with Section 311.012(c), Tax Code, as that section

1 existed immediately before the effective date of this Act.

2 SECTION 24. To the extent of any conflict, this Act prevails
3 over another Act of the 82nd Legislature, Regular Session, 2011,
4 relating to nonsubstantive additions to and corrections in enacted
5 codes.

6 SECTION 25. This Act takes effect immediately if it
7 receives a vote of two-thirds of all the members elected to each
8 house, as provided by Section 39, Article III, Texas Constitution.
9 If this Act does not receive the vote necessary for immediate
10 effect, this Act takes effect September 1, 2011.

President of the Senate

Speaker of the House

I certify that H.B. No. 2853 was passed by the House on May 3, 2011, by the following vote: Yeas 139, Nays 5, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2853 on May 27, 2011, by the following vote: Yeas 142, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2853 was passed by the Senate, with amendments, on May 25, 2011, by the following vote: Yeas 30, Nays 1.

Secretary of the Senate

APPROVED: _____

Date

Governor