

By: J. Davis of Harris, Miles, Reynolds,  
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H.B. No. 2853

Substitute the following for H.B. No. 2853:

By: Vo

C.S.H.B. No. 2853

A BILL TO BE ENTITLED

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 a program described by Section

1 311.010(h);

2 (L) the costs of school buildings, other  
3 educational buildings, other educational facilities, or other  
4 buildings owned by or on behalf of a school district, community  
5 college district, or other political subdivision of this state; and

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

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

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

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

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

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

27 (A) a substantial number of substandard, slum,

1 deteriorated, or deteriorating structures;

2 (B) the predominance of defective or inadequate  
3 sidewalk or street layout;

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

6 (D) unsanitary or unsafe conditions;

7 (E) the deterioration of site or other  
8 improvements;

9 (F) tax or special assessment delinquency  
10 exceeding the fair value of the land;

11 (G) defective or unusual conditions of title;

12 (H) conditions that endanger life or property by  
13 fire or other cause; or

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

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

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

26 (4) be an area described in a petition requesting that  
27 the area be designated as a reinvestment zone, if the petition is

1 submitted to the governing body of the municipality or county by the  
2 owners of property constituting at least 50 percent of the  
3 appraised value of the property in the area according to the most  
4 recent certified appraisal roll for the county in which the area is  
5 located.

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

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

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

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

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

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

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

27 (B) 50 ~~[15]~~ percent of the total appraised value

1 of taxable real property in the municipality and in the industrial  
2 districts created by the municipality, if [~~Paragraph (A) does not~~  
3 ~~apply to~~] the municipality has a population of less than 100,000.

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

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

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

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

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

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

27 (b) A municipality or county may exercise any power

1 necessary and convenient to carry out this chapter, including the  
2 power to:

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

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

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

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

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

24 (B) acquire, construct, reconstruct, or install  
25 public works, facilities, or sites or other public improvements,  
26 including utilities, streets, street lights, water and sewer  
27 facilities, pedestrian malls and walkways, parks, flood and

1 drainage facilities, or parking facilities, but not including  
2 educational facilities; or

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

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

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

24 (b) If the zone was designated under Section 311.005(a)(4),  
25 the governing body of the municipality or county that designated  
26 the zone may provide that the board of directors of the zone  
27 consists of nine members appointed as provided by this subsection,



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

27 (e) To be eligible for appointment to the board by the

1 governing body of the municipality or county that designated  
2 ~~[created]~~ the zone, an individual must be at least 18 years of age  
3 and:

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

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

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

12 (2) if the board is covered by Subsection (b), [+]

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

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

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

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

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

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

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

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

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

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

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

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

1 be granted in an ordinance, in the case of a zone designated by a  
2 municipality, or in an order, in the case of a zone designated by a  
3 county, approving a project plan or reinvestment zone financing  
4 plan or approving an amendment to a project plan or reinvestment  
5 zone financing plan.

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

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

15 (b) The project plan must include:

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

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

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

24 ~~[-4-]~~ a statement of a method of relocating persons to  
25 be displaced, if any, as a result of implementing the plan.

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

27 (1) a detailed list describing the estimated project

1 costs of the zone, including administrative expenses;

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

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

7 (4) the estimated amount of bonded indebtedness to be  
8 incurred;

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

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

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

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

21 (9) the duration of the zone.

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

1 ~~municipality or to subdivision rules and regulations, if any, of~~  
2 ~~the county].~~

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

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

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

17 (h) Unless specifically provided otherwise in the plan, all  
18 amounts contained in the project plan or reinvestment zone  
19 financing plan, including amounts of expenditures relating to  
20 project costs and amounts relating to participation by taxing  
21 units, are considered estimates and do not act as a limitation on  
22 the described items. This subsection may not be construed to  
23 increase the amount of any reduction under Section 403.302(d)(4),  
24 Government Code, in the total taxable value of the property in a  
25 school district that participates in the zone as computed under  
26 Section 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. Section 311.014(b), Tax Code, is amended to  
3 read as follows:

4 (b) Money may be disbursed from the fund only to satisfy  
5 claims of holders of tax increment bonds or notes issued for the  
6 zone, to pay project costs for the zone, to make payments pursuant  
7 to an agreement made under Section 311.010(b) or a program under  
8 Section 311.010(h) dedicating revenue from the tax increment fund,  
9 or to repay other obligations incurred for the zone.

10 SECTION 15. Sections 311.015(a) and (l), Tax Code, are  
11 amended to read as follows:

12 (a) A municipality designating [~~creating~~] a reinvestment  
13 zone may issue tax increment bonds or notes, the proceeds of which  
14 may be used to make payments pursuant to agreements made under  
15 Section 311.010(b), to make payments pursuant to programs under  
16 Section 311.010(h), to pay project costs for the reinvestment zone  
17 on behalf of which the bonds or notes were issued, or to satisfy  
18 claims of holders of the bonds or notes. The municipality may issue  
19 refunding bonds or notes for the payment or retirement of tax  
20 increment bonds or notes previously issued by it.

21 (l) A tax increment bond or note must mature on or before the  
22 date by which the final payments of tax increment into the tax  
23 increment fund are due [~~within 20 years of the date of issue~~].

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

26 (a) On or before the 150th [~~90th~~] day following the end of  
27 the fiscal year of the municipality or county, the governing body of

1 a municipality or county shall submit to the chief executive  
2 officer of each taxing unit that levies property taxes on real  
3 property in a reinvestment zone created by the municipality or  
4 county a report on the status of the zone. The report must include:

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

7 (2) the amount and purpose of expenditures from the  
8 fund;

9 (3) the amount of principal and interest due on  
10 outstanding bonded indebtedness;

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

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

18 SECTION 17. Section 311.016(b), Tax Code, as amended by  
19 Chapters 977 (H.B. 1820) and 1094 (H.B. 2120), Acts of the 79th  
20 Legislature, Regular Session, 2005, is reenacted to read as  
21 follows:

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

24 (1) the attorney general; and

25 (2) the comptroller.

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

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

2 (1) the termination date designated in the ordinance  
3 or order, as applicable, designating [~~creating~~] the zone or an  
4 earlier or later termination date designated by an ordinance or  
5 order adopted under Section 311.007(c) [~~subsequent to the ordinance~~  
6 ~~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 SECTION 19. Chapter 311, Tax Code, is amended by adding  
11 Section 311.021 to read as follows:

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

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

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

26 (b) This section does not apply to:

27 (1) an act or proceeding that was void at the time it

1 occurred;

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

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

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

10 (A) is involved in litigation if the litigation  
11 ultimately results in the matter being held invalid by a final  
12 judgment of a court; or

13 (B) has been held invalid by a final judgment of a  
14 court.

15 SECTION 20. Section 403.302(d), Government Code, as amended  
16 by Chapters 1186 (H.B. 3676) and 1328 (H.B. 3646), Acts of the 81st  
17 Legislature, Regular Session, 2009, is reenacted and amended to  
18 read as follows:

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

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

25 (2) one-half of the total dollar amount of any  
26 residence homestead exemptions granted under Section 11.13(n), Tax  
27 Code, in the year that is the subject of the study for each school

1 district;

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

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

7 (A) is within a reinvestment zone created on or  
8 before May 31, 1999, or is proposed to be included within the  
9 boundaries of a reinvestment zone as the boundaries of the zone and  
10 the proposed portion of tax increment paid into the tax increment  
11 fund by a school district are described in a written notification  
12 provided by the municipality or the board of directors of the zone  
13 to the governing bodies of the other taxing units in the manner  
14 provided by former Section 311.003(e), Tax Code, before May 31,  
15 1999, and within the boundaries of the zone as those boundaries  
16 existed on September 1, 1999, including subsequent improvements to  
17 the property regardless of when made;

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

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

24 (5) the total dollar amount of any captured appraised  
25 value of property that:

26 (A) is within a reinvestment zone:

27 (i) created on or before December 31, 2008,

1 by a municipality with a population of less than 18,000; and

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

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

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

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

14 (7) the difference between the comptroller's estimate  
15 of the market value and the productivity value of land that  
16 qualifies for appraisal on the basis of its productive capacity,  
17 except that the productivity value estimated by the comptroller may  
18 not exceed the fair market value of the land;

19 (8) the portion of the appraised value of residence  
20 homesteads of individuals who receive a tax limitation under  
21 Section 11.26, Tax Code, on which school district taxes are not  
22 imposed in the year that is the subject of the study, calculated as  
23 if the residence homesteads were appraised at the full value  
24 required by law;

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

27 (A) action required by statute or the

1 constitution of this state that, if the tax rate adopted by the  
2 district is applied to it, produces an amount equal to the  
3 difference between the tax that the district would have imposed on  
4 the property if the property were fully taxable at market value and  
5 the tax that the district is actually authorized to impose on the  
6 property, if this subsection does not otherwise require that  
7 portion to be deducted; or

8 (B) action taken by the district under Subchapter  
9 B or C, Chapter 313, Tax Code, before the expiration of the  
10 subchapter;

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

14 (11) the appraised value of property the collection of  
15 delinquent taxes on which is deferred under Section 33.06, Tax  
16 Code;

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

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

24 SECTION 21. Section 403.302(m), Government Code, as added  
25 by Chapter 1186 (H.B. 3676), Acts of the 81st Legislature, Regular  
26 Session, 2009, is amended to conform to Section 80, Chapter 1328  
27 (H.B. 3646), Acts of the 81st Legislature, Regular Session, 2009,

1 to read as follows:

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

6 SECTION 22. Sections 311.003(e), (f), and (g), 311.006(c),  
7 and 311.013(d) and (e), Tax Code, are repealed.

8 SECTION 23. (a) The legislature validates and confirms all  
9 governmental acts and proceedings of a municipality or county, the  
10 board of directors of a reinvestment zone, or an entity acting under  
11 Section 311.010(f), Tax Code, that were taken before the effective  
12 date of this Act and relate to or are associated with the  
13 designation, operation, or administration of a reinvestment zone or  
14 the implementation of a project plan or reinvestment zone financing  
15 plan under Chapter 311, Tax Code, including the extension of the  
16 term of a reinvestment zone, as of the dates on which they occurred.  
17 The acts and proceedings may not be held invalid because they were  
18 not in accordance with Chapter 311, Tax Code, or other law.

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

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

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

26 SECTION 24. (a) Section 311.002(1), Tax Code, as amended by  
27 this Act, applies to all costs described by that subdivision



1 regardless of when they were incurred.

2 (b) Section 311.012(c), Tax Code, as amended by this Act,  
3 applies only to the determination of the tax increment base of a  
4 taxing unit for a tax year beginning on or after the effective date  
5 of this Act, except that if the tax increment base of a taxing unit  
6 for a tax year beginning before the effective date was determined in  
7 the manner provided by Section 311.012(c), Tax Code, as amended by  
8 this Act, the determination is validated as if the amendment were in  
9 accordance with Section 311.012(c), Tax Code, as that section  
10 existed immediately before the effective date of this Act.

11 SECTION 25. To the extent of any conflict, this Act prevails  
12 over another Act of the 82nd Legislature, Regular Session, 2011,  
13 relating to nonsubstantive additions to and corrections in enacted  
14 codes.

15 SECTION 26. This Act takes effect immediately if it  
16 receives a vote of two-thirds of all the members elected to each  
17 house, as provided by Section 39, Article III, Texas Constitution.  
18 If this Act does not receive the vote necessary for immediate  
19 effect, this Act takes effect September 1, 2011.