

By: Gutierrez

H.B. No. 3589

A BILL TO BE ENTITLED

AN ACT

relating to the use of tax increment financing by certain municipalities.

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

SECTION 1. Section 311.0087, Tax Code, is amended to read as follows:

Sec. 311.0087. RESTRICTION ON POWERS OF CERTAIN MUNICIPALITIES. (a) This section applies only to a municipality that ~~[proposed reinvestment zone]~~:

(1) ~~[the designation of which is requested in a petition submitted under Section 311.005(a)(4) before July 31, 2004, to the governing body of a home-rule municipality that:~~

~~[(A)]~~ has a population of more than 1.1 million;

(2) ~~[(B)]~~ is located primarily in a county with a population of 2.2 ~~[1.5]~~ million or less; and

(3) ~~[(C)]~~ has created at least 20 reinvestment zones under this chapter ~~[, and~~

~~[(2) that is the subject of a resolution of intent that was adopted before October 31, 2004, by the governing body of the municipality].~~

(b) This subsection applies only to a petition submitted under Section 311.005(a)(4) before July 31, 2004, that is the subject of a resolution of intent adopted by the governing body of a municipality before October 31, 2004. If a ~~[the]~~ municipality

1 imposes a fee of more than \$25,000 for processing a [the] petition
2 requesting that an area be designated as a reinvestment zone, the
3 municipality may not require a property owner who submits a
4 [submitted the] petition, as a condition of designating the
5 reinvestment zone or approving a development agreement, interlocal
6 agreement, or project plan for the proposed reinvestment zone:

7 (1) to waive any rights of the owner under Chapter 245,
8 Local Government Code, or under any agreed order or settlement
9 agreement to which the municipality is a party;

10 (2) to dedicate more than 20 percent of the owner's
11 land in the area described in the petition as open-space land; or

12 (3) to use a nonconventional use pattern for a
13 development to be located within the proposed reinvestment zone.

14 (c) The governing body of a municipality may not require, as
15 a condition of the designation of a reinvestment zone or the
16 approval of a development agreement, interlocal agreement, or
17 project plan related to the reinvestment zone, that a property
18 owner requesting designation of a reinvestment zone:

19 (1) perform an action that may not be required of a
20 property owner under Subsection (b);

21 (2) waive the right to file an adversarial proceeding
22 for declaratory, injunctive, or other relief relating to the
23 provisions of the development agreement, interlocal agreement, or
24 project plan; or

25 (3) agree to include a provision in the development
26 agreement, interlocal agreement, or project plan related to the
27 reinvestment zone that states that the reinvestment zone will

1 terminate if the property owner files an adversarial proceeding for
2 declaratory, injunctive, or other relief relating to the provisions
3 of the development agreement, interlocal agreement, or project
4 plan.

5 (d) For purposes of the terms of a development agreement,
6 interlocal agreement, or project plan related to a reinvestment
7 zone, the filing of a declaratory action by a party to the
8 development agreement, interlocal agreement, or project plan is not
9 considered to be litigation if the declaratory action seeks only
10 to:

11 (1) clarify the meaning of a provision of the
12 development agreement, interlocal agreement, or project plan; or

13 (2) determine the validity of a provision of the
14 development agreement, interlocal agreement, or project plan.

15 (e) A reimbursement of money required under the terms of a
16 development agreement, interlocal agreement, or project plan
17 related to a reinvestment zone and approved by the board of
18 directors of the reinvestment zone must be paid on or before:

19 (1) the 30th day after the date on which the board
20 approves the reimbursement; or

21 (2) if payment is not possible on the date prescribed
22 by Subdivision (1) because of insufficient funds, the 30th day
23 after the date on which sufficient funds become available to make
24 the reimbursement.

25 (f) Each tax increment fund established by a municipality
26 under this chapter must be maintained in an account that is separate
27 from any other account into which the municipality deposits money.

1 SECTION 2. Section 311.0087(c), Tax Code, as added by this
2 Act, applies only to the designation of a reinvestment zone or the
3 approval of a development agreement, interlocal agreement, or
4 project plan related to the reinvestment zone on or after the
5 effective date of this Act.

6 SECTION 3. This Act takes effect immediately if it receives
7 a vote of two-thirds of all the members elected to each house, as
8 provided by Section 39, Article III, Texas Constitution. If this
9 Act does not receive the vote necessary for immediate effect, this
10 Act takes effect September 1, 2013.