

By: Gutierrez

H.B. No. 3589

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the restriction on powers of certain municipalities,
3 relating to the terms that may not be contained in a development
4 agreement, and other restrictions for a reinvestment zone under the
5 Tax Increment Financing Act.

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

7 SECTION 1. Section 311.087(a)(1)(B), Tax Code, is amended
8 to read as follows:

9 Sec. 311.087. RESTRICTION ON POWERS OF CERTAIN MUNICIPALITIES.

10 (a) This section applies only to a proposed reinvestment
11 zone:

12 (1) the designation of which is requested in a
13 petition submitted under Section 311.005(a)(4) before July 31,
14 2004, to the governing body of a home-rule municipality that:

15 (A) has a population of more than 1.1 million;

16 (B) is located in a county with a population of
17 2.2 million or less; and

18 SECTION 2. Section 311.0087, Tax Code, is amended by
19 amending Subsection (b) thereto; adding Subsections (b)(4),
20 (b)(5), (c) and (d) thereto; and to read as follows:

21 (b) If the municipality currently imposes a fee of more than
22 \$25,000 for processing the petition, the municipality may not
23 require a property owner who submitted ~~the~~ a petition, as a
24 condition of designating the reinvestment zone or approving a

1 development agreement, interlocal agreement, or project plan for
2 the proposed reinvestment zone:

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

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

8 (3) to use a nonconventional use pattern for a
9 development to be located within the proposed reinvestment zone; or

10 (4) agree to waive the right to file adversarial
11 proceedings for declaratory, injunctive or other relief related to
12 the provisions of an agreement which is approved by the governing
13 body which created the zone; or

14 (5) allow for termination of the zone in the event an
15 adversarial action is brought to enforce an agreement for
16 reimbursement to a developer or other party which has been approved
17 by the board of a reinvestment zone and the governing body which
18 created the zone.

19 (c) If a provision or condition identified in Section
20 311.087(b)(1-5) is contained in a development agreement, said
21 provision is void as a matter of public policy.

22 (d) Each tax increment fund established for the zone by the
23 municipality pursuant to Section 311.004(a)(6), may only be
24 deposited and maintained in a physically separate depository
25 account, and may not be commingled with any other funds of the board
26 or governing body. Failure to comply with this section is an act of
27 official misconduct by the governing body's chief executive

1 officer.

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