

By: Bettencourt

S.B. No. 1220

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 311.004, Tax Code, is amended by adding Subsection (d) to read as follows:

(d) For purposes of Subsection (a)(4), an order or ordinance designating a reinvestment zone that is adopted on or after September 1, 2015, must provide that the zone terminates not later than the 10th anniversary of the date on which the ordinance or order designating the zone is adopted.

SECTION 2. Section 311.006(a), Tax Code, is amended to read as follows:

(a) A municipality may not designate a reinvestment zone if:

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

(2) the total appraised value of taxable real property in the proposed zone and in existing reinvestment zones exceeds 10 [~~+~~

~~[(A) 25] percent of the total appraised value of taxable real property in the municipality and in the industrial districts created by the municipality[, if the municipality has a population of 100,000 or more, or~~

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

1 ~~taxable real property in the municipality and in the industrial~~
2 ~~districts created by the municipality, if the municipality has a~~
3 ~~population of less than 100,000].~~

4 SECTION 3. The heading to Section 311.007, Tax Code, is
5 amended to read as follows:

6 Sec. 311.007. CHANGING BOUNDARIES OR TERM OF EXISTING ZONE;
7 LIMITATION ON EXTENSION OF TERM.

8 SECTION 4. Section 311.007, Tax Code, is amended by
9 amending Subsection (c) and adding Subsections (d) and (e) to read
10 as follows:

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

20 (d) Except as provided by Subsection (e), the term of all or
21 any portion of a reinvestment zone may not be extended beyond the
22 10th anniversary of the date on which the ordinance or order
23 designating the zone is adopted.

24 (e) This subsection applies only to a reinvestment zone
25 designated before September 1, 2015, the term of which extends
26 beyond the period prescribed by Subsection (d). A reinvestment
27 zone to which this subsection applies must terminate on the earlier

1 of:

2 (1) the termination date expressed in the ordinance or
3 order designating the zone or an earlier termination date
4 designated by an ordinance or order adopted under Subsection (c);
5 or

6 (2) the date on which all project costs, tax increment
7 bonds and interest on those bonds, and other obligations of the zone
8 have been paid in full.

9 SECTION 5. Chapter 311, Tax Code, is amended by adding
10 Section 311.0111 to read as follows:

11 Sec. 311.0111. RESTRICTION ON BOARD'S AUTHORITY TO AMEND
12 PLAN. The board of directors of a reinvestment zone may not adopt,
13 and the governing body of a municipality may not approve, an
14 amendment to the project plan if:

15 (1) the median appraised value of taxable real
16 property located in the zone equals or exceeds the median appraised
17 value of taxable real property that is located outside the
18 boundaries of the zone and that is within the designating
19 municipality's corporate boundaries and extraterritorial
20 jurisdiction; and

21 (2) the amendment is required under Section 311.011(e)
22 to be approved by ordinance adopted after a public hearing that
23 satisfies the procedural requirements of Sections 311.003(c) and
24 (d).

25 SECTION 6. Sections 311.015(a) and (c), Tax Code, are
26 amended to read as follows:

27 (a) Subject to Subsection (c), a [A] municipality

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

8 (c) Tax increment bonds and notes are issued by ordinance of
9 the municipality after the [~~without any additional~~] approval of the
10 qualified voters of the municipality as provided by Section
11 311.0151 [~~other than that of the attorney general~~].

12 SECTION 7. Chapter 311, Tax Code, is amended by adding
13 Section 311.0151 to read as follows:

14 Sec. 311.0151. BOND ELECTION REQUIRED. (a) A municipality
15 may issue tax increment bonds and notes under Section 311.015 as
16 provided by this section.

17 (b) A municipality may not authorize tax increment bonds and
18 notes unless a majority of the municipality's qualified voters who
19 vote at an election ordered for that purpose approve the issuance of
20 the bonds and notes.

21 (c) The municipality may order an election on the tax
22 increment bonds and notes. The order must contain the same
23 information contained in the notice of the election.

24 (d) The municipality shall publish notice of the election at
25 least once in a newspaper of general circulation in the
26 municipality. The notice must be published not later than the 31st
27 day before election day.

1 (e) In addition to the contents of the notice required by
2 the Election Code, the notice must state:

3 (1) the amount of bonds or notes to be authorized; and

4 (2) the maximum maturity of the bonds or notes.

5 SECTION 8. (a) Section 311.006(a), Tax Code, as amended by
6 this Act, applies only to a reinvestment zone designated on or after
7 the effective date of this Act. A reinvestment zone designated
8 before the effective date of this Act is governed by the law in
9 effect on the date the zone was designated, and the former law is
10 continued in effect for that purpose.

11 (b) Section 311.0111, Tax Code, as added by this Act,
12 applies only to an amendment to a reinvestment zone project plan
13 proposed on or after the effective date of this Act. An amendment
14 proposed before the effective date of this Act is governed by the
15 law in effect on the date the amendment was proposed, and the former
16 law is continued in effect for that purpose.

17 (c) Section 311.015, Tax Code, as amended by this Act, and
18 Section 311.0151, Tax Code, as added by this Act, apply only to
19 bonds issued on or after the effective date of this Act. Bonds
20 issued before the effective date of this Act are governed by the law
21 in effect on the date the bonds were issued, and the former law is
22 continued in effect for that purpose.

23 SECTION 9. This Act takes effect September 1, 2015.