

## **BILL ANALYSIS**

H.B. 4433  
By: Anchía  
Ways & Means  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

In the last several years, Texas has become more popular than ever. Historic areas near commerce centers and employment areas have become magnets for people searching for the Texas miracle, but the influx of new residents is driving up property values in every corner of Texas and is creating a significant financial burden on some of the legacy homeowners that live in these high-growth areas. These legacy homeowners who have lived in and maintained a residence homestead property tax exemption on the property for at least seven years are often the ones who made a neighborhood a desirable location, yet they are now being pushed out due to an ever-increasing property tax bill. H.B. 4433 seeks to provide cities and counties with an optional program that may support those longtime legacy homeowners in a designated reinvestment zone.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

H.B. 4433 amends the Tax Code to authorize the project plan prepared and adopted by a reinvestment zone's board of directors under the Tax Increment Financing Act to authorize the board to establish a reinvestment zone stability program for the purpose of ensuring that all zone residents benefit from its designation. The bill authorizes the governing body of the county or municipality that designated the zone and any affiliated community organizations to participate in the program's development. As part of such a program, the board may dedicate, pledge, or otherwise provide for the use of money in the tax increment fund established for the zone to prevent homeowner displacement by providing annual payments on behalf of legacy homeowners to offset the increase in property taxes imposed on the residence homesteads of those homeowners that is attributable to the increase in property values associated with the development or redevelopment of property in the zone. The bill defines "legacy homeowner" as the owner of a residence homestead located in a reinvestment zone who has continuously resided in and received a residence homestead property tax exemption for at least seven years preceding the date the zone in which the homestead is located was designated.

H.B. 4433 requires a project plan that authorizes annual payments on behalf of legacy homeowners to provide the following:

- the amount of such a payment for a homeowner in a tax year is capped at an amount equal to the positive difference, if any, between the amount of property taxes due on the

homeowner's homestead for that tax year and the amount of property taxes due on the homeowner's homestead for the tax year in which the applicable reinvestment zone was designated; and

- the period of time for which the payments may be made on behalf of the homeowner is capped at 10 years.

H.B. 4433 replaces the prohibition against a municipality designating a reinvestment zone if more than 30 percent of the property in the proposed zone, excluding publicly-owned property, is used for residential purposes with a prohibition against a municipality designating a reinvestment zone if more than 40 percent of the property in the proposed zone, excluding publicly-owned property and a residence homestead owned by a legacy homeowner, is used for residential purposes. The bill considers payments made as part of a reinvestment zone stability program as a "project cost" for purposes of the Tax Increment Financing Act.

**EFFECTIVE DATE**

September 1, 2023.