

By: Anchía, Jones of Dallas

H.B. No. 4433

A BILL TO BE ENTITLED

AN ACT

relating to the treatment of certain residence homesteads for purposes of the Tax Increment Financing Act.

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 a reinvestment zone that are listed in the project plan as costs of public works, public improvements, programs, or other projects benefiting 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;

27 (K) the costs of school buildings, other

1 educational buildings, other educational facilities, or other
2 buildings owned by or on behalf of a school district, community
3 college district, or other political subdivision of this state;
4 ~~[and]~~

5 (L) payments made at the discretion of the
6 governing body of the municipality or county that the governing
7 body finds necessary or convenient to the creation of the zone or to
8 the implementation of the project plans for the zone; and

9 (M) payments made as part of a reinvestment zone
10 stability program established under Section 311.0111.

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

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

14 (1) more than 40 ~~[30]~~ percent of the property in the
15 proposed zone ~~[, excluding property that is publicly owned,]~~ is used
16 for residential purposes, excluding property that is:

17 (A) publicly owned; or

18 (B) a residence homestead owned by a legacy
19 homeowner, as those terms are defined by Section 311.0111; or

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

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

26 (B) 50 percent of the total appraised value of
27 taxable real property in the municipality and in the industrial

1 districts created by the municipality, if the municipality has a
2 population of less than 100,000.

3 SECTION 3. Chapter 311, Tax Code, is amended by adding
4 Section 311.0111 to read as follows:

5 Sec. 311.0111. REINVESTMENT ZONE STABILITY PROGRAM. (a)

6 In this section:

7 (1) "Legacy homeowner" means the owner of a residence
8 homestead located in a reinvestment zone who has continuously
9 resided in and received an exemption under Section 11.13 for the
10 homestead for at least seven years preceding the date the governing
11 body of the county or municipality designated the zone in which the
12 homestead is located.

13 (2) "Program" means a reinvestment zone stability
14 program established under this section.

15 (3) "Residence homestead" has the meaning assigned by
16 Section 11.13.

17 (b) The project plan prepared and adopted by the board of
18 directors of a reinvestment zone under Section 311.011 may
19 authorize the board of directors to establish a reinvestment zone
20 stability program, the purpose of which is to ensure that all
21 residents of the zone benefit from its designation. The governing
22 body of the county or municipality that designated the zone and any
23 affiliated community organizations may participate in the
24 development of the program. As part of a program established under
25 this section, the board may dedicate, pledge, or otherwise provide
26 for the use of money in the tax increment fund established for the
27 zone to prevent homeowner displacement by providing annual payments

1 on behalf of legacy homeowners to offset the increase in ad valorem
2 taxes imposed on the residence homesteads of those homeowners that
3 is attributable to the increase in property values associated with
4 the development or redevelopment of property in the zone.

5 (c) If the project plan for a reinvestment zone authorizes
6 annual payments on behalf of legacy homeowners, the plan must
7 provide that:

8 (1) the amount of an annual payment made under the
9 program to a legacy homeowner may not exceed the amount determined
10 for that homeowner under Subsection (d); and

11 (2) the period of time for which annual payments may be
12 made on behalf of a legacy homeowner may not exceed 10 years.

13 (d) The maximum amount of an annual payment that may be made
14 on behalf of a legacy homeowner for a tax year is equal to the
15 positive difference, if any, between the following amounts:

16 (1) the ad valorem taxes due on the homeowner's
17 homestead for that tax year; and

18 (2) the ad valorem taxes due on the homeowner's
19 homestead for the tax year in which the reinvestment zone in which
20 the homestead is located was designated.

21 SECTION 4. This Act takes effect September 1, 2023.