

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5-28-09

Date

Honorable David Dewhurst
President of the Senate

Honorable Joe Straus
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on HB 3983 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

Watson

WATSON CHAIR

J. Carona

CARONA

Harris

HARRIS

Eltife

ELTIFE

Eliot Stapleugh

SHAPLEUGH
On the part of the Senate

E. Rodriguez

E. Rodriguez CHAIR

Diana M. Maldonado

Maldonado

Donna Howard

D. Howard

Harless

Harless

On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

H.B. No. 3983

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the imposition of property taxes on the residential
3 homesteads of low-income and moderate-income persons.

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

5 SECTION 1. Section 373A.155(b), Local Government Code, is
6 amended to read as follows:

7 (b) The county shall pay into the tax increment fund for the
8 zone the same percentage of the tax increment produced by the county
9 that [an amount equal to the tax increment paid by] the municipality
10 pays into the fund [as specified in the order adopted under Section
11 373A.1522].

12 SECTION 2. Section 373A.1522, Local Government Code, is
13 amended to read as follows:

14 Sec. 373A.1522. EFFECTIVE DATE OF ZONE. The zone
15 designated by the ordinance adopted under Section 373A.1521 takes
16 effect on the date on which the county adopts a final order[+

17 [(1)] agreeing to the creation of the zone, the zone
18 boundaries, and the zone termination date specified by the
19 municipality under Section 373A.1521(1)[+and

20 [(2) specifying an amount of tax increment to be
21 deposited by the county into the tax increment fund that is equal to
22 the amount of the tax increment specified by the municipality under
23 Section 373A.1521(3)].

24 SECTION 3. Subchapter D, Chapter 373A, Local Government

1 Code, is amended by adding Section 373A.159 to read as follows:

2 Sec. 373A.159. COMPOSITION OF BOARD OF DIRECTORS OF
3 HOMESTEAD PRESERVATION REINVESTMENT ZONES. (a) Notwithstanding
4 Chapter 311, Tax Code, the board of directors of a homestead
5 preservation reinvestment zone consists of at least 6 and not more
6 than 16 members, unless more than 16 members are required to satisfy
7 the requirements of this section.

8 (b) The municipality and county approving the payment of all
9 or part of the tax increment into the tax increment fund each may
10 appoint an equal number of members to the board.

11 (c) Members of the board are appointed for terms of two
12 years unless longer terms are provided under Section 11, Article
13 XI, Texas Constitution. Terms of members may be staggered.

14 (d) A vacancy on the board is filled for the unexpired term
15 by appointment of the governing body of the taxing unit that
16 appointed the director who served in the vacant position.

17 (e) To be eligible for appointment to the board, an
18 individual must:

- 19 (1) be a qualified voter of the county; or
20 (2) be at least 18 years of age and own real property
21 in the reinvestment zone or be an employee or agent of a person that
22 owns real property in the zone.

23 (f) Each year the board of directors of a reinvestment zone
24 shall elect one of its members to serve as presiding officer for a
25 term of one year. The board of directors may elect an assistant
26 presiding officer to preside in the absence of the presiding
27 officer or when there is a vacancy in the office of presiding

1 officer. The board may elect other officers as it considers
2 appropriate.

3 (g) A member of the board of directors of a homestead
4 preservation reinvestment zone:

5 (1) is not a public official by virtue of that
6 position; and

7 (2) unless otherwise ineligible, may be appointed to
8 serve concurrently on the board of directors of a local government
9 corporation created under Subchapter D, Chapter 431,
10 Transportation Code.

11 (h) The board of directors created in this section has the
12 powers and duties prescribed by Sections 311.010 and 311.011, Tax
13 Code.

14 SECTION 4. (a) In this section, "circuit breaker program"
15 means a program that limits the amount of ad valorem taxes that may
16 be imposed on a residence homestead based on the owner's annual
17 income.

18 (b) The comptroller shall conduct a study to examine circuit
19 breaker programs as a means of expanding and protecting the
20 homestead interests of low-income and moderate-income families.

21 (c) The limitations set out in Section 373A.003, Local
22 Government Code, do not apply to this section.

23 (d) Before collecting information for purposes of the
24 study, the comptroller shall establish an advisory committee to
25 assist the comptroller in conducting the study. The advisory
26 committee must be composed of representatives of:

27 (1) school districts and other taxing units;

- 1 (2) home builders;
- 2 (3) real estate agents;
- 3 (4) mortgage lenders;
- 4 (5) financial agencies involved in mortgage markets;
- 5 (6) organizations interested in housing for
- 6 low-income and moderate-income households;
- 7 (7) organizations interested in the effect of ad
- 8 valorem taxes on low-income and moderate-income households;
- 9 (8) organizations interested in the effect of public
- 10 policy on low-income and moderate-income households; and
- 11 (9) other appropriate, interested organizations or
- 12 members of the public, as determined by the comptroller.

13 (e) The comptroller, with the assistance of the advisory

14 committee, shall study:

- 15 (1) methods to implement a circuit breaker program,
- 16 including the use of rebates or tax credits;
- 17 (2) methods to create a simple, transparent process
- 18 for the owner of a residence homestead to apply for and receive a
- 19 limitation on the amount of ad valorem taxes that may be imposed on
- 20 the homestead under a circuit breaker program;
- 21 (3) the effects of different designs of a circuit
- 22 breaker program, including the effect of:
 - 23 (A) limiting which taxing units are involved;
 - 24 (B) basing eligibility on a maximum annual income
 - 25 level;
 - 26 (C) limiting the dollar amount of the benefit
 - 27 that a property owner could receive in the program; and

1 (D) basing eligibility on a minimum ratio of
2 residence homestead ad valorem taxes imposed to annual income,
3 including a progressive scale of minimum ratios based on annual
4 income; and

5 (4) methods to ensure the reliability of a property
6 owner's statement of annual income.

7 (f) The comptroller and the advisory committee shall
8 analyze the information studied and prepare a report that:

9 (1) describes the parameters, techniques, and legal
10 assumptions established under Subsection (e) of this section that
11 were used in conducting the study;

12 (2) estimates the benefit of alternative designs of a
13 circuit breaker program for property owners in various annual
14 income brackets and with varying amounts of residence homestead ad
15 valorem tax liability, including an estimate of the percentage of
16 property owners in various annual income brackets that would
17 benefit and the dollar amount of the benefit to those property
18 owners;

19 (3) estimates the cost to the state and taxing units of
20 implementing alternative designs of a circuit breaker program,
21 including the percentage by which the amount of ad valorem taxes
22 collected would be reduced;

23 (4) analyzes the effects on this state's economy of
24 implementing a circuit breaker program, including the effect on
25 home ownership rates, the residential housing market, and economic
26 development; and

27 (5) specifies any necessary statutory changes the

1 comptroller and the advisory committee determine are necessary to
2 implement a circuit breaker program described by the study.

3 (g) The comptroller may contract with appraisal districts,
4 taxing units, or other appropriate organizations for assistance and
5 to obtain information necessary to conduct the study. A state
6 agency, appraisal district, or taxing unit shall assist the
7 comptroller if the comptroller requests information or assistance
8 in conducting the study.

9 (h) Not later than December 1, 2010, the comptroller shall
10 submit to the governor, lieutenant governor, and speaker of the
11 house of representatives the report prepared under Subsection (f)
12 of this section.

13 (i) This section expires September 1, 2011.

14 SECTION 5. This Act takes effect September 1, 2009.

House Bill 3983
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Section 373A.155(b), Local Government Code, is amended to read as follows:

(b) The county shall pay into the tax increment fund for the zone the same percentage of the tax increment produced by the county that [an amount equal to the tax increment paid by] the municipality pays into the fund [as specified in the order adopted under Section 373A.1522].

SECTION 2. Section 373A.1522, Local Government Code, is amended to read as follows:

Sec. 373A.1522. EFFECTIVE DATE OF ZONE. The zone designated by the ordinance adopted under Section 373A.1521 takes effect on the date on which the county adopts a final order[:

[(1)] agreeing to the creation of the zone, the zone boundaries, and the zone termination date specified by the municipality under Section 373A.1521(1)[; and
[(2)] ~~specifying an amount of tax increment to be deposited by the county into the tax increment fund that is equal to the amount of the tax increment specified by the municipality under Section 373A.1521(3)]].~~

SECTION 3. Subchapter D, Chapter 373A, Local Government Code, is amended by adding Section 373A.159 to read as follows:

Sec. 373A.159. COMPOSITION OF BOARD OF

SENATE VERSION

SECTION 1. Same as House version.

SECTION 2. Same as House version.

SECTION 3. Subchapter D, Chapter 373A, Local Government Code, is amended by adding Section 373A.159 to read as follows:

Sec. 373A.159. COMPOSITION OF BOARD OF

CONFERENCE

SECTION 1. Same as House version.

SECTION 2. Same as House version.

SECTION 3. Same as Senate version.

House Bill 3983
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

DIRECTORS OF HOMESTEAD PRESERVATION REINVESTMENT ZONES. (a) Notwithstanding Chapter 311, Tax Code, the board of directors of a homestead preservation reinvestment zone consists of at least 6 and not more than 16 members, unless more than 16 members are required to satisfy the requirements of this section.

(b) The municipality and county approving the payment of all or part of the tax increment into the tax increment fund each may appoint an equal number of members to the board.

(c) Members of the board are appointed for terms of two years unless longer terms are provided under Section 11, Article XI, Texas Constitution. Terms of members may be staggered.

(d) A vacancy on the board is filled for the unexpired term by appointment of the governing body of the taxing unit that appointed the director who served in the vacant position.

(e) To be eligible for appointment to the board, an individual must:

(1) be a qualified voter of the county; or

(2) be at least 18 years of age and own real property in the reinvestment zone or be an employee or agent of a person that owns real property in the zone.

(f) Each year the board of directors of a reinvestment zone shall elect one of its members to serve as presiding officer for a term of one year. The board of directors may elect an assistant presiding officer to preside in the

SENATE VERSION

DIRECTORS OF HOMESTEAD PRESERVATION REINVESTMENT ZONES. (a) Notwithstanding Chapter 311, Tax Code, the board of directors of a homestead preservation reinvestment zone consists of at least 6 and not more than 16 members, unless more than 16 members are required to satisfy the requirements of this section.

(b) The municipality and county approving the payment of all or part of the tax increment into the tax increment fund each may appoint an equal number of members to the board.

(c) Members of the board are appointed for terms of two years unless longer terms are provided under Section 11, Article XI, Texas Constitution. Terms of members may be staggered.

(d) A vacancy on the board is filled for the unexpired term by appointment of the governing body of the taxing unit that appointed the director who served in the vacant position.

(e) To be eligible for appointment to the board, an individual must:

(1) be a qualified voter of the county; or

(2) be at least 18 years of age and own real property in the reinvestment zone or be an employee or agent of a person that owns real property in the zone.

(f) Each year the board of directors of a reinvestment zone shall elect one of its members to serve as presiding officer for a term of one year. The board of directors may elect an assistant presiding officer to preside in the

CONFERENCE

House Bill 3983
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

absence of the presiding officer or when there is a vacancy in the office of presiding officer. The board may elect other officers as it considers appropriate.

(g) A member of the board of directors of a homestead preservation reinvestment zone:

(1) is not a public official by virtue of that position; and
(2) unless otherwise ineligible, may be appointed to serve concurrently on the board of directors of a local government corporation created under Subchapter D, Chapter 431, Transportation Code.

No equivalent provision.

SENATE VERSION

absence of the presiding officer or when there is a vacancy in the office of presiding officer. The board may elect other officers as it considers appropriate.

(g) A member of the board of directors of a homestead preservation reinvestment zone:

(1) is not a public official by virtue of that position; and
(2) unless otherwise ineligible, may be appointed to serve concurrently on the board of directors of a local government corporation created under Subchapter D, Chapter 431, Transportation Code.

(h) The board of directors created in this section has the powers and duties prescribed by Sections 311.010 and 311.011, Tax Code.

SECTION __. Subsection (b), Section 311.010, Tax Code, is amended to read as follows:

(b)The board of directors of a reinvestment zone and the governing body of the municipality or county that creates a reinvestment zone may each enter into agreements as the board or the governing body considers necessary or convenient to implement the project plan and reinvestment zone financing plan and achieve their purposes. An agreement may provide for the regulation or restriction of the use of land by imposing conditions, restrictions, or covenants that run with the land. An agreement may during the term of the agreement dedicate, pledge, or otherwise provide for the use of revenue in the tax increment fund to pay any project

CONFERENCE

Same as House version.

House Bill 3983
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION

CONFERENCE

costs that benefit the reinvestment zone, including project costs relating to the cost of buildings, schools, or other educational facilities owned by or on behalf of a school district, community college district, or other political subdivision of this state, railroad or transit facilities, affordable housing, the remediation of conditions that contaminate public or private land or buildings, the preservation of the façade of a private or public building, ~~[or] the demolition of public or private buildings, or the construction of a road, sidewalk, or other public infrastructure in or out of the zone, including the cost of acquiring the real property necessary for the construction of the road, sidewalk, or other public infrastructure.~~ An agreement may dedicate revenue from the tax increment fund to pay the costs of providing affordable housing or areas of public assembly in or out of the zone.~~[An agreement may dedicate revenue from the tax increment fund to pay a neighborhood enterprise association for providing services or carrying out projects authorized under Subchapters E and G, Chapter 2303, Government Code, in the zone. The term of an agreement with a neighborhood enterprise association may not exceed 10 years.]~~

~~No equivalent provision.~~

SECTION __. Subsection (g), Section 311.013, Tax Code, is amended to read as follows:
(g)Subject to the provisions of Section 311.0125, in lieu

Same as House version.

House Bill 3983
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION

CONFERENCE

of permitting a portion of its tax increment to be paid into the tax increment fund, and notwithstanding the provisions of Section 312.203, a taxing unit, including [other than] a municipality [city], may elect to offer the owners of taxable real property in a reinvestment zone created under this chapter an exemption from taxation of all or part of the value of the property. To be effective, an [Any] agreement to exempt real property [concerning an exemption] from ad valorem taxes under this subsection must be approved by:

(1) the board of directors of the reinvestment zone; and
(2) the governing body of each taxing unit that imposes taxes on real property in the reinvestment zone and deposits or agrees to deposit any of its tax increment into the tax increment fund for the zone [shall be executed in the manner and subject to the limitations of Chapter 312; provided, however, the property covered by the agreement need not be in a zone created pursuant to Chapter 312. A taxing unit may not offer a tax abatement agreement to property owners in the zone after it has entered into an agreement that its tax increments would be paid into the tax increment fund pursuant to Subsection (f)].

No equivalent provision.

SECTION __. STUDY REGARDING CIRCUIT BREAKER PROGRAMS.(a) In this section, "circuit breaker program" means a program that limits the amount of ad valorem taxes that may be imposed on a

SECTION 4. Substantially the same as Senate version.

House Bill 3983
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION

CONFERENCE

residence homestead based on the owner's annual income.

(b)The comptroller shall conduct a study to examine circuit breaker programs as a means of expanding and protecting the homestead interests of low-income and moderate-income families.

(c)The limitations set out in Section 373A.003 shall not apply to this section.

(d)Before collecting information for purposes of the study, the comptroller shall establish an advisory committee to assist the comptroller in conducting the study. The advisory committee must be composed of representatives of:

- (1)school districts and other taxing units;
- (2)home builders;
- (3)real estate agents;
- (4)mortgage lenders;
- (5)financial agencies involved in mortgage markets;
- (6)organizations interested in housing for low-income and moderate-income households;
- (7)organizations interested in the effect of ad valorem taxes on low-income and moderate-income households;
- (8)organizations interested in the effect of public policy on low-income and moderate-income households; and
- (9)other appropriate, interested organizations or members of the public, as determined by the comptroller.

(e)The comptroller, with the assistance of the advisory committee, shall study:

- (1)methods to implement a circuit breaker program,

House Bill 3983
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION

CONFERENCE

including the use of rebates or tax credits;

(2) methods to create a simple, transparent process for the owner of a residence homestead to apply for and receive a limitation on the amount of ad valorem taxes that may be imposed on the homestead under a circuit breaker program;

(3) the effects of different designs of a circuit breaker program, including the effect of:

(A) limiting which taxing units are involved;

(B) basing eligibility on a maximum annual income level;

(C) limiting the dollar amount of the benefit that a property owner could receive in the program; and

(D) basing eligibility on a minimum ratio of residence homestead ad valorem taxes imposed to annual income, including a progressive scale of minimum ratios based on annual income; and

(4) methods to ensure the reliability of a property owner's statement of annual income.

(f) The comptroller and the advisory committee shall analyze the information studied and prepare a report that:

(1) describes the parameters, techniques, and legal assumptions established under Subsection (d) of this section that were used in conducting the study;

(2) estimates the benefit of alternative designs of a circuit breaker program for property owners in various annual income brackets and with varying amounts of residence homestead ad valorem tax liability, including an estimate of the percentage of property owners in various annual income brackets that would benefit and the dollar

House Bill 3983
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION

CONFERENCE

amount of the benefit to those property owners;

(3) estimates the cost to the state and taxing units of implementing alternative designs of a circuit breaker program, including the percentage by which the amount of ad valorem taxes collected would be reduced;

(4) analyzes the effects on this state's economy of implementing a circuit breaker program, including the effect on home ownership rates, the residential housing market, and economic development; and

(5) specifies any necessary statutory changes the comptroller and the advisory committee determine are necessary to implement a circuit breaker program described by the study.

(g) The comptroller may contract with appraisal districts, taxing units, or other appropriate organizations for assistance and to obtain information necessary to conduct the study. A state agency, appraisal district, or taxing unit shall assist the comptroller if the comptroller requests information or assistance in conducting the study.

(h) Not later than December 1, 2010, the comptroller shall submit to the governor, lieutenant governor, and speaker of the house of representatives the report prepared under Subsection (e) of this section.

(i) This article expires September 1, 2011.

SECTION 4. This Act takes effect September 1, 2009.

Same as House version.

SECTION 5. Same as House version.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 30, 2009

TO: Honorable David Dewhurst , Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: **HB3983** by Rodriguez (relating to the imposition of property taxes on the residential homesteads of low-income and moderate-income persons.), **Conference Committee Report**

<p>No significant fiscal implication to the State is anticipated.</p>
--

The bill would amend the Local Government Code regarding tax rates and board membership for certain preservation reinvestment zones.

The bill would require the Comptroller of Public Accounts to conduct a study to examine circuit breaker programs as a means of expanding and protecting the homestead interests of low-income and moderate-income families. The bill includes requirements associated with conducting the study, including authorizing the comptroller to contract with appraisal districts, taxing units, or other appropriate organizations for assistance and to obtain information necessary to conduct the study. A state agency, appraisal district, or taxing unit would be required to assist the comptroller if requested. Not later than December 1, 2010, the comptroller would be required to submit the report on the study to the governor, lieutenant governor, and speaker of the house of representatives. This part of the bill would expire September 1, 2011.

The bill would take effect September 1, 2009.

Based on analysis from the Comptroller of Public Accounts, it is anticipated that implementation of provisions of the bill could be absorbed within existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated as a result of the proposed changes to the Local Government Code.

The fiscal impact to an appraisal district, taxing unit, or other local government entity in response to a request for assistance from the comptroller would depend on the specifics of the request and conditions of a contract related to providing that assistance.

Source Agencies:

LBB Staff: JOB, DB, JRO, MN

Certification of Compliance with Rule 13, Section 6(b), House Rules of Procedure

Rule 13, Section 6(b), House Rules of Procedure, requires that a copy of a conference committee report signed by a majority of each committee of the conference must be furnished to each member of the committee in person or if unable to deliver in person by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Section 10(a) of this rule. The paper copies of the report submitted to the chief clerk under Section 10(b) of this rule must contain a certificate that the requirement of this subsection has been satisfied, and that certificate must be attached to the printed copy of the report furnished to each member under Section 10(d) of this rule. Failure to comply with this subsection is not a sustainable point of order under this rule.

I certify that a copy of the conference committee report on H. B. 3983 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before submission of the paper copies of the report to the chief clerk under Section 10(b), Rule 13, House Rules of Procedure.

E. Rodriguez
(name)

5/30/09
(date)