

## CHAPTER 104

## S.B. No. 1364

An Act relating to the designation of certain areas as reinvestment zones for purposes of property tax abatement; amending the Property Redevelopment and Tax Abatement Act, as amended (Article 1066f, Vernon's Texas Civil Statutes), by amending Subsections (a) and (d) of and adding Subsection (e) to Section 2, by amending Subsection (c) of Section 3, and by adding Section 7A.

*Be it enacted by the Legislature of the State of Texas:*

**SECTION 1.** Section 2, Property Redevelopment and Tax Abatement Act (Article 1066f, Vernon's Texas Civil Statutes), is amended by amending Subsections (a) and (d) and adding Subsection (e) to read as follows:

“(a) The governing body of an incorporated city or town shall agree in writing with the owner of taxable real property located in an area designated as a reinvestment zone under Section 3 of this Act, but not located within an improvement project financed by tax increment bonds, to exempt from taxation all or part of the value of the property for any period not in excess of 15 years, subject to the rights of holders of outstanding bonds of the city or town, on the condition that the owner of the property make specified improvements or repairs to the property in conformity with the comprehensive plan, if any, of the city or town. Written agreements with property owners located within a reinvestment zone shall contain identical terms regarding the share of value of the property that is to be exempt from the taxation under the agreement and the duration of the exemption. *The property subject to an agreement made under this section may be located in the extraterritorial jurisdiction of the city or town. In that event, the agreement applies to taxes of the city or town if the city or town annexes the property during the period specified in the agreement.*”

“(d) If an area is designated a reinvestment zone, every taxing unit that includes inside its boundaries property that is contained inside the boundaries of the reinvestment zone may execute a written agreement with the owner of any property on which the property taxes are abated due to an agreement under Subsection (a) of this section. Such an agreement must contain terms identical to those contained in the agreement with the city or town regarding the share of the property that is to be exempt from taxation under the agreement, the duration of the exemption, and the provisions included in the agreement pursuant to Subsections (b) and (c) of this section. If a taxing unit fails to execute such an agreement, the taxing unit is limited to taxing any property that is the subject of an agreement under Subsection (a) of this section at the

same value at which the property was taxed in the year preceding the execution of the agreement with the city or town, for a period of time equal to twice the duration of the agreement with the city or town. *This subsection does not apply to property located in the extraterritorial jurisdiction of the city or town.*

*“(e) If the governing body of a city or town designates a reinvestment zone that includes property located in the extraterritorial jurisdiction of the city or town, the governing body of any other taxing unit in which the property is located may execute a written agreement with the owner of the property to exempt from property taxes all or part of the value of the property in the same manner as provided by this section for the city or town. The terms of the agreement are not required to be identical to the terms of an agreement executed by the city or town for the property, and the taxing unit may execute an agreement even if the city or town does not execute an agreement for the property.”*

**SECTION 2.** Subsection (c), Section 3, Property Redevelopment and Tax Abatement Act (Article 1066f, Vernon’s Texas Civil Statutes), is amended to read as follows:

*“(c) The governing body of an incorporated city or town may designate, by boundaries, as a reinvestment zone any area within the taxing jurisdiction or extraterritorial jurisdiction of the city or town that the governing body finds to satisfy the requirements of Subsection (a) of this section, subject to the limitations set forth by Section 4 of this Act. The governing body of an incorporated city or town shall designate a reinvestment zone eligible for residential property tax abatement, or commercial-industrial tax abatement, or tax incentive financing as provided for in the Texas Tax Increment Financing Act of 1981 (Article 1066e, Vernon’s Texas Civil Statutes) [S.B. No. 16, 67th Legislature, 1st Called Session, 1981].”*

**SECTION 3.** The Property Redevelopment and Tax Abatement Act, as amended (Article 1066f, Vernon’s Texas Civil Statutes), is amended by adding Section 7A to read as follows:

*“Section 7A. COUNTY DESIGNATION OF REINVESTMENT ZONE. (a) The commissioners court of a county by order may designate as a reinvestment zone any area of the county that does not contain area in the taxing jurisdiction of an incorporated city or town. The commissioners court may not designate an area as a reinvestment zone until the commissioners court has held a public hearing on the designation and has found that the designation would be a benefit to the property to be included in the zone and that development anticipated to occur in the proposed zone would contribute to the economic development of the county. At the hearing, interested persons are entitled to speak and present evidence for or against the designation. Notice of the hearing must be given in the same manner as provided for notice of a hearing to be held by a city as provided by Subsection (b) of Section 5 of this Act.*

*“(b) Section 3 of this Act does not apply to the designation of a reinvestment zone under this section.*

*“(c) Property in a reinvestment zone designated by a county under this section that is owned or leased by a member of the commissioners court may not be subject to a property tax abatement agreement made under this section.*

*“(d) Designation of a reinvestment zone under this section expires five years after the date of the designation and may be renewed for periods not to exceed five years. The expiration of the designation does not affect existing agreements made under this section.*

*“(e) The commissioners court may execute a tax abatement agreement with the owner of taxable real property located in a reinvestment zone designated under this section. The execution, duration, and other terms of an agreement made under this subsection are governed by the provisions of Section 2 of this Act applicable to a city or town. A tax abatement agreement made by a county under this section has the same effect on the other taxing units in which the property subject to the agreement is located as is provided by Subsection (d) of Section 2 of this Act for an agreement made by a city or town under Section 2 of this Act to abate taxes on property located in the taxing jurisdiction of the city or town. If property subject to an agreement with a county under this section is annexed by an incorporated city or town during the existence of the agreement, the governing body of the city or town must enter into an agreement in the same manner as any other taxing unit until the termination of the county agreement, or the city or town is limited to taxing the property subject to the agreement at the taxable value of the property in the year preceding the execution of the county agreement until the termination of the county agreement plus a period of additional years immediately following the termination of the county agreement equal to the number of years in which the county agreement was in effect.*

*“(f) Property may be located simultaneously in a reinvestment zone designated by a county under this section and in a reinvestment zone designated by a city or town under Subsection (c) of Section 3 of this Act.*

*“(g) An agreement made under Subsection (e) of this section by a county or other taxing unit may be modified or terminated in the same manner and subject to the same limitations as provided by Section 6 of this Act for an agreement made under Section 2 of this Act.”*

**SECTION 4.** The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed the Senate on April 25, 1985, by the following vote: Yeas 27, Nays 0, one present not voting; Senate concurred in House amendments on May 10, 1985, by the following vote: Yeas 31, Nays 0; passed the House, with amendments, on May 8, 1985, by the following vote: Yeas 132, Nays 7, one present not voting.

Approved: May 15, 1985

Effective: Immediately