House Bill 3983
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION	CONFERENCE
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~~].	Same as House version.	
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)~~].	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	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	

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

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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.	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.	
No equivalent provision.	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	

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	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	

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	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	

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	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,	

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	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	

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	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.	