

By: Rodriguez

H.B. No. 525

A BILL TO BE ENTITLED

AN ACT

relating to allowing the creation of homestead preservation districts to increase homeownership and provide affordable housing.

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

SECTION 1. Subtitle A, Title 12, Local Government Code, is amended by adding Chapter 373A to read as follows:

SUBCHAPTER A. HOMESTEAD PRESERVATION DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 373.025. PURPOSE. The purpose of this chapter is to:

(1) Promote the ability of municipalities to increase homeownership, provide affordable housing and prevent the involuntary loss of homesteads by existing low and moderate income homeowners living in disadvantaged neighborhoods;

(2) Protect a municipality's interest in improving economic and social conditions within disadvantaged communities by enhancing the viability of homeownership among low and moderate income residents in areas experiencing economic pressures;

(3) Furnish municipalities with a means to expand and protect the homestead interests of low and moderate income families.

Sec. 373.026. DEFINITIONS. In this chapter:

(1) "Community housing development organization" has the meaning assigned by 42 U.S.C. Section 12704.

1           (2) "District" means a homestead preservation  
2 district designated under this section.

3           (3) "Municipality" means the municipality which  
4 designates the district.

5           (4) "Taxing unit" has the meaning assigned by Section  
6 1.04 of the Tax Code.

7           (5) "Central Business District" means a compact and  
8 contiguous geographical area of a municipality in which at least 90  
9 percent of the land is used or zoned for commercial purposes and  
10 that is the area that has historically been the primary location in  
11 the municipality where business has been transacted.

12           [Sections 373.027-373.030 reserved for expansion]

13           SUBCHAPTER B. GENERAL POWERS AND DUTIES

14           Sec. 373.031. MUNICIPAL POWER TO DESIGNATE DISTRICT. (a)  
15 To promote and expand the ownership of affordable housing and to  
16 prevent the involuntary loss of homesteads by existing homeowners  
17 living in the district, the governing body of a municipality by  
18 ordinance may designate as a homestead preservation district an  
19 area in the municipality that is eligible under Section 373.032.

20           (b) The ordinance must describe the boundaries of the  
21 district and designate the powers that apply to the district under  
22 this chapter.

23           Sec. 373.032. ELIGIBILITY FOR DESIGNATION. To be  
24 designated as a district under this chapter, an area must be:

25           (1) composed of contiguous United States census tracts  
26 that, based on the most recent decennial census, have a median  
27 family income of less than 60 percent of the median family income of

1 the entire municipality; and

2 (2) adjacent to a Central Business District.

3 Sec. 373.033. INVENTORY FROM TAXING UNITS. Each taxing  
4 unit in a district shall provide the governing body of the  
5 municipality on an annual basis:

6 (1) an inventory of all land owned by the taxing unit  
7 in the district; and

8 (2) a list of the current and anticipated uses the  
9 taxing unit has for the property.

10 [Sections 373.034-373.040 reserved for expansion]

11 SUBCHAPTER C. HOMESTEAD LAND TRUST

12 Sec. 373.047. CREATION. The municipality may create or  
13 designate one or more homestead land trusts to operate solely  
14 within the district under this subchapter.

15 Sec. 373.048. NATURE OF TRUST. (a) A homestead land trust  
16 must be a nonprofit organization created to acquire and hold land  
17 for the benefit of developing affordable housing in the district.

18 (b) A trust must be an organization that is exempt from  
19 federal income tax under Section 501(a), Internal Revenue Code of  
20 1986, and its subsequent amendments, by being certified as an  
21 exempt organization under Section 501(c)(3), Internal Revenue Code  
22 of 1986, and its subsequent amendments.

23 Sec. 373.049. BOARD OF DIRECTORS. (a) A board of directors  
24 shall govern the trust.

25 (b) The governing body of the municipality shall establish  
26 the number of directors on the board. The governing body shall  
27 appoint the directors so that at least 40 percent of the directors

1 are homeowners or persons eligible to be homeowners in the  
2 district.

3 Sec. 373.050. TITLE TO PROPERTY. The homestead land trust  
4 may retain title to the land and may sell or lease homes located on  
5 the land under long-term ground leases to low-income and  
6 moderate-income families at affordable rents.

7 Sec. 373.051. SALE OF HOUSES. (a) The homestead land trust  
8 shall sell or lease all housing to families with a yearly income at  
9 the time of purchase or lease of the house at or below 80 percent of  
10 the area median family income, adjusted for family size.

11 (b) At least one-half of the housing units sold or leased by  
12 the Homestead Land Trust must be sold or leased to families with a  
13 yearly income at the time of purchase or lease at or below 50  
14 percent of the municipality's median family income, adjusted for  
15 family size.

16 Sec. 373.052. TRANSFER FROM TAXING ENTITIES; FORGIVING  
17 OUTSTANDING TAXES. (a) Any taxing unit may transfer land to the  
18 homestead land trust without competitive bidding.

19 (b) A taxing unit may forgive outstanding taxes and fees on  
20 any property transferred under this section if otherwise allowed by  
21 law.

22 Sec. 373.053. TAX EXEMPTIONS. The homestead land trust's  
23 real property is exempt from taxes imposed by the state or a  
24 political subdivision of the state.

25 [Sections 373.054-373.060 reserved for expansion]

26 SUBCHAPTER D. HOME OWNERSHIP TAX INCREMENT FINANCING ZONE

27 Sec. 373.061. GENERAL AUTHORITY TO CREATE A HOMESTEAD

1 PRESERVATION TAX INCREMENT FINANCING ZONE. (a) A municipality has  
2 the power to create a Homeownership Preservation Tax Increment  
3 Financing Zone ("zone").

4 (b) The boundaries of a zone shall run congruent with the  
5 Homeownership Preservation District.

6 Sec. 373.062. DETERMINATION OF AMOUNT OF TAX INCREMENT.

7 (a) The amount of a taxing unit's tax increment for a year is the  
8 amount of property taxes levied and collected by the unit for that  
9 year on the captured appraised value of real property taxable by the  
10 unit and located in a zone.

11 (b) The captured appraised value of real property taxable by  
12 a taxing unit for a year is the total appraised value of all real  
13 property taxable by the unit and located in a zone for that year  
14 less the tax increment base of the unit.

15 (c) The tax increment base of a taxing unit is the total  
16 appraised value of all real property taxable by the unit and located  
17 in a zone for the year in which the zone was designated under this  
18 chapter.

19 Sec. 373.063. COLLECTION AND DEPOSIT OF TAX INCREMENTS.

20 (a) Each taxing unit that taxes real property located in a zone  
21 shall provide for the collection of its taxes in the zone as for any  
22 other property taxed by the unit.

23 (b) Each taxing unit shall pay into the tax increment fund  
24 for the zone an amount equal to the tax increment produced by the  
25 unit.

26 (c) A taxing unit shall make a payment required by  
27 Subsection (b) not later than the 90th day after the delinquency

1 date for the unit's property taxes. A delinquent payment incurs a  
2 penalty of five percent of the amount delinquent and accrues  
3 interest at an annual rate of 10 percent.

4 (d) A taxing unit is not required to pay into the tax  
5 increment fund any of its tax increment produced from property  
6 located in a district unless the taxing unit enters into an  
7 agreement to do so with the governing body of the municipality that  
8 created the zone. A taxing unit may enter into an agreement under  
9 this subsection at any time before or after the zone is created.  
10 The agreement may include conditions for payment of that tax  
11 increment into the fund and must specify the portion of the tax  
12 increment to be paid into the fund and the years for which that tax  
13 increment is to be paid into the fund. The agreement and the  
14 conditions in the agreement are binding on the taxing unit and the  
15 municipality.

16 Sec. 373.064. ADMINISTRATION AND USE OF TAX INCREMENT FUND.

17 (a) The tax increment fund will be administered by the governing  
18 body of the municipality. All revenue from the tax increment fund  
19 must be dedicated to city-certified community housing development  
20 organizations or a city-created Homestead Land Trust for the  
21 development of affordable housing within the zone for low-income  
22 families at or below sixty percent of the area median family income.

23 (b) All housing created with the reinvestment funds has to  
24 have at least a 30-year affordability period that preserves the  
25 affordability of the property for a 30-year term.

26 (c) If a Homestead Land Trust is created in the district, at  
27 least 50 percent of the funds must be allocated to the Homestead

1 Land Trust for property acquisition.

2 Sec. 373.065. ANNUAL REPORT. (a) On or before the 90th day  
3 following the end of the fiscal year of the municipality, the  
4 governing body of a municipality shall submit to the chief  
5 executive officer of each taxing unit that levies property taxes on  
6 real property in a reinvestment zone created by the municipality a  
7 report on the status of the zone.

8 (b) The report must include:

9 (1) the amount and source of revenue in the tax  
10 increment fund established for the zone;

11 (2) the amount and purpose of expenditures from the  
12 fund; and

13 (3) the tax increment base and current captured  
14 appraised value retained by the municipality for the district, the  
15 total amount of tax increments received, and any additional  
16 information necessary to demonstrate compliance with provisions of  
17 this Chapter

18 (c) The municipality shall send a copy of a report made  
19 under this section to:

20 (1) the attorney general; and

21 (2) the comptroller.

22 [Sections 373.066-373.070 reserved for expansion]

23 SUBCHAPTER E. HOMEOWNER LAND BANK PROGRAM

24 Sec. 373.071. SHORT TITLE. This subchapter may be cited as  
25 the Homeowner Land Bank.

26 Sec. 373.072. DEFINITIONS. In this subchapter: "Community  
27 housing development organization" or "organization" means an

1 organization that:

2 (A) meets the definition of a community housing  
3 development organization in 42 USC Sec. 120704; and

4 (B) is certified by the municipality as a  
5 community housing development organization.

6 (2) "Land bank" means an entity established or  
7 approved by the governing body of a municipality for the purpose of  
8 acquiring, holding, and transferring unimproved real property  
9 under this chapter.

10 (3) "Low income household" means a household with a  
11 gross income of not greater than 60 percent of the area median  
12 family income, adjusted for household size, for the metropolitan  
13 statistical area in which the municipality is located, as  
14 determined annually by the United States Department of Housing and  
15 Urban Development.

16 (4) "Qualified participating developer" means a  
17 developer who meets the requirements of Section 373.074 and  
18 includes a qualified organization under Section 373.080(a).

19 (5) "Homeowner land bank plan" or "plan" means a plan  
20 adopted by the governing body of a municipality as provided by  
21 Section 373.075.

22 (6) "Homeowner land bank program" or "program" means a  
23 program adopted under Section 373.073.

24 Sec. 373.073. HOMEOWNER LAND BANK PROGRAM. (a) The  
25 governing body of a municipality may adopt an homeowner land bank  
26 program in which the officer charged with selling real property  
27 ordered sold pursuant to foreclosure of a tax lien may sell certain

1 eligible real property by private sale for purposes of affordable  
2 housing development as provided by this chapter.

3 (b) The governing body of a municipality that adopts an  
4 homeowner land bank program shall establish or approve a land bank  
5 for the purpose of acquiring, holding, and transferring unimproved  
6 real property under this chapter.

7 Sec. 373.074. QUALIFIED PARTICIPATING DEVELOPER. To  
8 qualify to participate in an homeowner land bank program, a  
9 developer must:

10 (1) have built three or more housing units within the  
11 three-year period preceding the submission of a proposal to the  
12 land bank seeking to acquire real property from the land bank;

13 (2) have a development plan approved by the  
14 municipality for the land bank property; and (3) meet any other  
15 requirements adopted by the municipality in the homeowner land bank  
16 plan.

17 Sec. 373.075. HOMEOWNER LAND BANK PLAN. (a) A municipality  
18 that adopts an homeowner land bank program shall operate the  
19 program in conformance with an homeowner land bank plan.

20 (b) The governing body of a municipality that adopts a  
21 homeowner land bank program shall adopt a plan annually. The plan  
22 may be amended from time to time following the procedures set forth  
23 in this Subchapter.

24 (c) In developing the plan, the municipality shall consider  
25 other housing plans adopted by the municipality, including the  
26 comprehensive plan submitted to the United States Department of  
27 Housing and Urban Development and all fair housing plans and

1 policies adopted or agreed to by the municipality.

2 (d) The plan must include the following:

3 (1) a list of community housing development  
4 organizations eligible to participate in the right of first refusal  
5 provided by Section 373.080;

6 (2) a list of the parcels of real property that may  
7 become eligible for sale to the land bank during the upcoming year;

8 (3) the municipality's plan for affordable housing  
9 development on those parcels of real property; and

10 (4) the sources and amounts of funding anticipated to  
11 be available from the municipality for subsidies for development of  
12 affordable housing in the municipality, including any money  
13 specifically available for housing developed under the program, as  
14 approved by the governing body of the municipality at the time the  
15 plan is adopted.

16 (e) In developing the plan. The municipality shall take into  
17 consideration other housing plans adopted by the municipality  
18 including. But not limited to, the Comprehensive Plan submitted to  
19 the United States Department of Housing and Urban Development and  
20 all fair housing plans adopted or agreed to be the municipality.

21 Sec. 373.076. PUBLIC HEARING ON PROPOSED PLAN. (a) Before  
22 adopting a plan, a municipality shall hold a public hearing on the  
23 proposed plan.

24 (b) The city manager or the city manager's designee shall  
25 provide notice of the hearing to all community housing development  
26 organizations and to neighborhood associations identified by the  
27 municipality as serving the neighborhoods in which properties

1 anticipated to be available for sale to the land bank under this  
2 chapter are located.

3 (c) The city manager or the city manager's designee shall  
4 make copies of the proposed plan available to the public not later  
5 than the 60th day before the date of the public hearing.

6 Sec. 373.077. PRIVATE SALE TO LAND BANK. (a)  
7 Notwithstanding any other law and except as provided by Subsection  
8 (f), property that is ordered sold pursuant to foreclosure of a tax  
9 lien may be sold in a private sale to a land bank by the officer  
10 charged with the sale of the property without first offering the  
11 property for sale as otherwise provided by Section 34.01, Tax Code,  
12 if: the market value of the property as specified in the judgment of  
13 foreclosure is less than the total amount due under the judgment,  
14 including all taxes, penalties, and interest, plus the value of  
15 nontax liens held by a taxing unit and awarded by the judgment,  
16 court costs, and the cost of the sale;

17 (2) the property is not improved with a building or  
18 buildings;

19 (3) there are delinquent taxes on the property for  
20 each of the preceding six years; and

21 (4) the municipality has executed with the other  
22 taxing units that are parties to the tax suit an interlocal  
23 agreement that enables those units to agree to participate in the  
24 program while retaining the right to withhold consent to the sale of  
25 specific properties to the land bank. A sale of property for use in  
26 connection with the program is a sale for a public purpose.

27 (c) If the person being sued in a suit for foreclosure of a

1 tax lien does not contest the market value of the property in the  
2 suit, the person waives the right to challenge the amount of the  
3 market value determined by the court for purposes of the sale of the  
4 property under Section 33.50, Tax Code.

5 (d) For any sale of property under this chapter, each person  
6 who was a defendant to the judgment, or that person's attorney,  
7 shall be given, not later than the 90th day before the date of sale,  
8 written notice of the proposed method of sale of the property by the  
9 officer charged with the sale of the property. Notice shall be  
10 given in the manner prescribed by Rule 21a, Texas Rules of Civil  
11 Procedure.

12 (e) After receipt of the notice required by Subsection (d)  
13 and before the date of the proposed sale, the owner of the property  
14 subject to sale may file with the officer charged with the sale a  
15 written request that the property not be sold in the manner provided  
16 by this chapter.

17 (f) If the officer charged with the sale receives a written  
18 request as provided by Subsection (e), the officer shall sell the  
19 property as otherwise provided in Section 34.01, Tax Code.

20 (g) The owner of the property subject to sale may not  
21 receive any proceeds of a sale under this chapter. However, the  
22 owner does not have any personal liability for a deficiency of the  
23 judgment as a result of a sale under this chapter.

24 (h) Notwithstanding any other law, if consent is given by  
25 the taxing units that are a party to the judgment, property may be  
26 sold to the land bank for less than the market value of the property  
27 as specified in the judgment or less than the total of all taxes,

1 penalties, and interest, plus the value of nontax liens held by a  
2 taxing unit and awarded by the judgment, court costs, and the cost  
3 of the sale.

4 (i) The deed of conveyance of the property sold to a land  
5 bank under this section conveys to the land bank the right, title,  
6 and interest acquired or held by each taxing unit that was a party  
7 to the judgment, subject to the right of redemption.

8 Sec. 373.078. SUBSEQUENT RESALE BY LAND BANK. (a) Each  
9 subsequent resale of property acquired by a land bank under this  
10 chapter must comply with the conditions of this section.

11 (b) The land bank must sell a property to a qualified  
12 participating developer within the three-year period following the  
13 date of acquisition for the purpose of construction of affordable  
14 housing for sale or rent to low income households. If after three  
15 years a qualified participating developer has not purchased the  
16 property, the property shall be transferred from the land bank to  
17 the taxing units who were parties to the judgment for disposition as  
18 otherwise allowed under the law.

19 (c) The deed conveying a property sold by the land bank must  
20 include a right of reverter so that if the qualified participating  
21 developer does not apply for a construction permit and close on any  
22 construction financing within the three-year period following the  
23 date of the conveyance of the property from the land bank to the  
24 qualified participating developer, the property will revert to the  
25 land bank for subsequent resale to another qualified participating  
26 developer or conveyance to the taxing units who were parties to the  
27 judgment for disposition as otherwise allowed under the law.

1           Sec. 373.079. RESTRICTIONS ON OCCUPANCY AND USE OF  
2 PROPERTY. (a) The land bank shall impose deed restrictions on  
3 property sold to qualified participating developers requiring the  
4 development and sale or rental of the property to low income  
5 households.

6           (b) If property is developed for rental housing, the deed  
7 restrictions must be for a period of not less than 15 years and must  
8 require that:

9           (1) 100 percent of the rental units be occupied by  
10 households with incomes not greater than 60 percent of area median  
11 family income, based on gross household income, adjusted for  
12 household size, for the metropolitan statistical area in which the  
13 municipality is located, as determined annually by the United  
14 States Department of Housing and Urban Development;

15           (2) 40 percent of the units be occupied by households  
16 with incomes not greater than 50 percent of area median family  
17 income, based on gross household income, adjusted for household  
18 size, for the metropolitan statistical area in which the  
19 municipality is located, as determined annually by the United  
20 States Department of Housing and Urban Development; or

21           (3) 20 percent of the units be occupied by households  
22 with incomes not greater than 30 percent of area median family  
23 income, based on gross household income, adjusted for household  
24 size, for the metropolitan statistical area in which the

1 municipality is located, as determined annually by the United  
2 States Department of Housing and Urban Development.

3 (c) The deed restrictions under Subsection (b) must require  
4 the owner to file an annual occupancy report with the municipality  
5 on a reporting form provided by the municipality. The deed  
6 restrictions must also prohibit the exclusion of an individual or  
7 family from admission to the development because the individual or  
8 family participates in the housing choice voucher program under  
9 Section 8, United States Housing Act of 1937 (42 U.S.C. Section  
10 1437f), as amended.

11 (d) Additional occupancy and use restrictions may be  
12 adopted by the governing body of the municipality in the plan and  
13 applied to property sold to the land bank under this chapter.

14 Sec. 373.080. RIGHT OF FIRST REFUSAL. (a) In this section,  
15 "qualified organization" means a community housing development  
16 organization that:

17 (1) contains within its designated geographical  
18 boundaries of operation, as set forth in its application for  
19 certification filed with and approved by the municipality, a  
20 portion of the property that the land bank is offering for sale;

21 (2) has built at least three single-family homes or  
22 duplexes or one multifamily residential dwelling of four or more  
23 units in compliance with all applicable building codes within the  
24 preceding two-year period and within the organization's designated  
25 geographical boundaries of operation; and

26 (3) within the preceding two-year period has built or  
27 rehabilitated housing units within a one-half mile radius of the

1 property that the land bank is offering for sale.

2 (b) The land bank shall first offer a property for sale to  
3 qualified organizations.

4 (c) Notice must be provided to the qualified organizations  
5 by certified mail, return receipt requested.

6 (d) The municipality shall specify in its plan the period  
7 during which the right of first refusal provided by this section may  
8 be exercised by a qualified organization. That period must be at  
9 least nine months but not more than 26 months from the date of the  
10 deed of conveyance of the property to the land bank.

11 (e) During the specified period, the land bank may not sell  
12 the property to a qualified participating developer other than a  
13 qualified organization. If all qualified organizations notify the  
14 land bank that they are declining to exercise their right of first  
15 refusal during the specified period, or if an offer to purchase the  
16 property is not received from a qualified organization during that  
17 period, the land bank may sell the property to any other qualified  
18 participating developer at the same price that the land bank  
19 offered the property to the qualified organizations.

20 (f) In its plan, the municipality shall establish the amount  
21 of additional time, if any, that a property may be held in the land  
22 bank once an offer has been received and accepted from a qualified  
23 organization or other qualified participating developer.

24 (g) If more than one qualified organization expresses an  
25 interest in exercising its right of first refusal, the organization  
26 that has designated the most geographically compact area  
27 encompassing a portion of the property shall be given priority.

1       (h) In its plan, the municipality may provide for other  
2 rights of first refusal for any other nonprofit corporation  
3 exempted from federal income tax under Section 501(c)(3), Internal  
4 Revenue Code of 1986, as amended, provided that the preeminent  
5 right of first refusal is provided to qualified organizations as  
6 provided by this section.

7       (i) The land bank is not required to provide a right of first  
8 refusal to qualified organizations under this section if the land  
9 bank is selling property that reverted to the land bank under  
10 Section 373.078(c).

11       Sec. 373.081. OPEN RECORDS AND MEETINGS. The land bank  
12 shall comply with the requirements of Chapters 551 and 552,  
13 Government Code.

14       Sec. 373.082. RECORDS; AUDIT; REPORT. (a) The land bank  
15 shall keep accurate minutes of its meetings and shall keep accurate  
16 records and books of account that conform with generally accepted  
17 principles of accounting and that clearly reflect the income and  
18 expenses of the land bank and all transactions in relation to its  
19 property.

20       (b) The land bank shall file with the municipality not later  
21 than the 90th day after the close of the fiscal year annual audited  
22 financial statements prepared by a certified public accountant.  
23 The financial transactions of the land bank are subject to audit by  
24 the municipality.

25       (c) For purposes of evaluating the effectiveness of the  
26 program, the land bank shall submit an annual performance report to  
27 the municipality not later than November 1 of each year in which the

1 land bank acquires or sells property under this chapter. The  
2 performance report must include:

3 (1) a complete and detailed written accounting of all  
4 money and properties received and disbursed by the land bank during  
5 the preceding fiscal year;

6 (2) for each property acquired by the land bank during  
7 the preceding fiscal year:

8 (A) the street address of the property;

9 (B) the legal description of the property;

10 (C) the date the land bank took title to the  
11 property;

12 (D) the name and address of the property owner of  
13 record at the time of the foreclosure;

14 (E) the amount of taxes and other costs owed at  
15 the time of the foreclosure; and

16 (F) the assessed value of the property on the tax  
17 roll at the time of the foreclosure;

18 (3) for each property sold by the land bank during the  
19 preceding fiscal year to a qualified participating developer:

20 (A) the street address of the property;

21 (B) the legal description of the property;

22 (C) the name and mailing address of the  
23 developer;

24 (D) the purchase price paid by the developer;

25 (E) the maximum incomes allowed for the  
26 households by the terms of the sale; and

27 (F) the source and amount of any public subsidy

1 provided by the municipality to facilitate the sale or rental of the  
2 property to a household within the targeted income levels;

3 (4) for each property sold by a qualified  
4 participating developer during the preceding fiscal year, the  
5 buyer's household income and a description of all use and sale  
6 restrictions; and

7 (5) for each property developed for rental housing  
8 with an active deed restriction, a copy of the most recent annual  
9 report filed by the owner with the land bank.

10 (d) The land bank shall maintain in its records for  
11 inspection a copy of the sale settlement statement for each  
12 property sold by a qualified participating developer and a copy of  
13 the first page of the mortgage note with the interest rate and  
14 indicating the volume and page number of the instrument as filed  
15 with the county clerk.

16 (e) The land bank shall provide copies of the performance  
17 report to the taxing units who were parties to the judgment of  
18 foreclosure and shall provide notice of the availability of the  
19 performance report for review to the organizations and neighborhood  
20 associations identified by the municipality as serving the  
21 neighborhoods in which properties sold to the land bank under this  
22 chapter are located.

23 (f) The land bank and the municipality shall maintain copies  
24 of the performance report available for public review.

25 SECTION 2. This Act takes effect immediately if it receives  
26 a vote of two-thirds of all the members elected to each house, as  
27 provided by Section 39, Article III, Texas Constitution. If this

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- 1 Act does not receive the vote necessary for immediate effect, this
- 2 Act takes effect September 1, 2005.