AN ACT

relating to the authority of certain taxing units to enter into an
ad valorem tax abatement agreement.

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

SECTION 1. Section 312.006, Tax Code, as amended by
Chapters 1029 (H.B. 1449) and 1505 (H.B. 1200), Acts of the 77th
Legislature, Regular Session, 2001, is reenacted and amended to
read as follows:

Sec. 312.006. EXPIRATION DATE. If not continued in effect,
this chapter expires September 1, 2019.

SECTION 2. Subchapter A, Chapter 312, Tax Code, is amended
by adding Section 312.007 to read as follows:

Sec. 312.007. DEFERRAL OF COMMENCEMENT OF ABATEMENT PERIOD.
(a) In this section, "abatement period" means the period during
which all or a portion of the value of real property or tangible
personal property that is the subject of a tax abatement agreement
is exempt from taxation.

(b) Notwithstanding any other provision of this chapter,
the governing body of the taxing unit granting the abatement and the
owner of the property that is the subject of the agreement may agree
to defer the commencement of the abatement period until a date that
is subsequent to the date the agreement is entered into, except that
the duration of an abatement period may not exceed 10 years.

SECTION 3. Section 312.402, Tax Code, is amended by
amending Subsection (a) and adding Subsections (a-1), (a-2), and (a-3) to read as follows:

(a) The commissioners court may execute a tax abatement agreement with the owner of taxable real property located in a reinvestment zone designated under this subchapter or with the owner of tangible personal property located on real property in a reinvestment zone to exempt from taxation all or a portion of the value of the real property, all or a portion of the value of the tangible personal property located on the real property, or all or a portion of the value of both[]. The court may execute a tax abatement agreement with the owner of a leasehold interest in tax-exempt real property or leasehold interests or improvements on tax-exempt real property that is located in a reinvestment zone designated under this subchapter to exempt a portion of the value of tangible personal property or leasehold interests or improvements on tax-exempt real property located on the real property. The execution, duration, and other terms of an agreement made under this section are governed by the provisions of Sections 312.204, 312.205, and 312.211 applicable to a municipality. Section 312.2041 applies to an agreement made by a county under this section in the same manner as it applies to an agreement made by a municipality under Section 312.204 or 312.211[].

(a-1) The commissioners court may execute a tax abatement agreement with the owner of a leasehold interest in tax-exempt real property located in a reinvestment zone designated under this subchapter to exempt all or a portion of the value of the leasehold interest in the real property. The court may execute a tax
abatement agreement with the owner of tangible personal property or
an improvement located on tax-exempt real property that is located
in a designated reinvestment zone to exempt all or a portion of the
value of the tangible personal property or improvement located on
the real property.

(a-2) The execution, duration, and other terms of an
agreement entered into under this section are governed by the
provisions of Sections 312.204, 312.205, and 312.211 applicable to
a municipality. Section 312.2041 applies to an agreement entered
into under this section in the same manner as that section applies
to an agreement entered into under Section 312.204 or 312.211.

(a-3) The commissioners court may execute a tax abatement
agreement with a lessee of taxable real property located in a
reinvestment zone designated under this subchapter to exempt from
taxation all or a portion of the value of the fixtures, improvements, or other real property owned by the lessee and
located on the property that is subject to the lease, all or a
portion of the value of tangible personal property owned by the
lessee and located on the real property that is the subject of the
lease, all or a portion of the value of both the fixtures, improvements, or other real property and the tangible personal
property described by this subsection.

SECTION 4. Section 312.007, Tax Code, as added by this Act,
is intended to clarify rather than change existing law.

SECTION 5. An ad valorem tax abatement agreement that was
executed before the effective date of this Act by the commissioners
court of a county and an owner of taxable real property or tangible
personal property or an owner of a leasehold interest in tax-exempt real property, under Section 312.402, Tax Code, as that section existed before the effective date of this Act, that provides for an exemption from taxation of all or a portion of the value of real property, tangible personal property, or both, or of all or a portion of the value of a leasehold interest in tax-exempt real property, that is not invalid for a reason other than an inconsistency with Section 312.402, Tax Code, as that section existed before the effective date of this Act, and that is consistent with Section 312.402, Tax Code, as amended by this Act, is ratified and validated as of the date the agreement was executed.

SECTION 6. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2009.
S.B. No. 1458

David S. Dewhurst  
President of the Senate

I hereby certify that S.B. No. 1458 passed the Senate on April 16, 2009, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 30, 2009, by the following vote: Yeas 31, Nays 0.

David S. Dewhurst  
Speaker of the House

I hereby certify that S.B. No. 1458 passed the House, with amendment, on May 27, 2009, by the following vote: Yeas 148, Nays 0, one present not voting.

Robert Haney  
Chief Clerk of the House

Approved:  
19 Jun '09

Rick Perry  
Governor