

Sec. 312.002. ELIGIBILITY OF TAXING UNIT TO PARTICIPATE IN TAX ABATEMENT. (a) A taxing unit may not enter into a tax abatement agreement under this chapter and the governing body of a municipality or county may not designate an area as a reinvestment zone unless the governing body has established guidelines and criteria governing tax abatement agreements by the taxing unit and a resolution stating that the taxing unit elects to become eligible to participate in tax abatement. The guidelines applicable to property other than property described by Section 312.211(a) must provide for the availability of tax abatement for both new facilities and structures and for the expansion or modernization of existing facilities and structures.

(b) The governing body of a taxing unit may not enter into a tax abatement agreement under this chapter unless it finds that the terms of the agreement and the property subject to the agreement meet the applicable guidelines and criteria adopted by the governing body under this section.

(c) The guidelines and criteria adopted under this section are effective for two years from the date adopted. During that period, the guidelines and criteria may be amended or repealed only by a vote of three-fourths of the members of the governing body.

(c-1) Before the governing body of a taxing unit may adopt, amend, repeal, or reauthorize guidelines and criteria, the body must hold a public hearing regarding the proposed adoption, amendment, repeal, or reauthorization at which members of the public are given the opportunity to be heard.

(c-2) A taxing unit that maintains an Internet website shall post the current version of the guidelines and criteria governing tax abatement agreements adopted under this section on the website.

(d) The adoption of the guidelines and criteria by the governing body of a taxing unit does not:

(1) limit the discretion of the governing body to decide whether to enter into a specific tax abatement agreement;

(2) limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for tax abatement; or

(3) create any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for tax abatement.

(e) The guidelines and criteria adopted by the commissioners court of a county may include a requirement that an application or request for tax abatement submitted to the county under this chapter must be accompanied by a reasonable application fee not to exceed \$1,000.

(f) On or after September 1, 2001, a school district may not enter into a tax abatement agreement under this chapter.

(g) "Taxing unit" has the meaning assigned by Section 1.04, except that for a tax abatement agreement executed on or after September 1, 2001, the term does not include a school district that is subject to Chapter 48, Education Code, and that is organized primarily to provide general elementary and secondary public education.

Sec. 312.202. CRITERIA FOR REINVESTMENT ZONE. (a) To be designated as a reinvestment zone under this subchapter, an area must:

(1) substantially arrest or impair the sound growth of the municipality creating the zone, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition and use because of the presence of:

- (A) a substantial number of substandard, slum, deteriorated, or deteriorating structures;
- (B) the predominance of defective or inadequate sidewalks or streets;
- (C) faulty size, adequacy, accessibility, or usefulness of lots;
- (D) unsanitary or unsafe conditions;
- (E) the deterioration of site or other improvements;
- (F) tax or special assessment delinquency exceeding the fair value of the land;
- (G) defective or unusual conditions of title;
- (H) conditions that endanger life or property by fire or other cause; or
- (I) any combination of these factors;

(2) be predominantly open and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impair or arrest the sound growth of the municipality;

(3) be in a federally assisted new community located in a home-rule municipality or in an area immediately adjacent to a federally assisted new community located in a home-rule municipality;

(4) be located entirely in an area that meets the requirements for federal assistance under Section 119 of the Housing and Community Development Act of 1974 (42 U.S.C. Section 5318);

(5) encompass signs, billboards, or other outdoor advertising structures designated by the governing body of the municipality for relocation, reconstruction, or removal for the purpose of enhancing the physical environment of the municipality, which the legislature declares to be a public purpose; or

(6) be reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract major investment in the zone that would be a benefit to the property and that would contribute to the economic development of the municipality.

(b) For purposes of this section, a federally assisted new community is a federally assisted area:

(1) that has received or will receive assistance in the form of loan guarantees under Title X of the National Housing Act (12 U.S.C. Section 1749aa et seq.); and

(2) a portion of which has received grants under Section 107 of the Housing and Community Development Act of 1974 (42 U.S.C. Section 5307) made pursuant to the authority created by that section for grants in behalf of new communities assisted under Title VII of the Housing and Urban Development Act of 1970 or Title IV of the Housing and Urban Development Act of 1968 or in behalf of new community projects assisted under Title X of the National Housing Act (12 U.S.C. Section 1749aa et seq.).

Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.
Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.09(a), eff. Aug. 28, 1989; Acts 1989, 71st Leg., ch. 1106, Sec. 29, eff. Aug. 28, 1989.

Sec. 312.402. COUNTY TAX ABATEMENT AGREEMENT. (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.

(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, or 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.

(b) A tax abatement agreement made by a county has the same effect on the school districts and other taxing units in which the

property subject to the agreement is located as is provided by Sections 312.206(a) and (b) for an agreement made by a municipality to abate taxes on property located in the taxing jurisdiction of the municipality.

(c) If on or after September 1, 1989, property subject to an agreement with a county under this section is annexed by a municipality during the existence of the agreement, the terms of the county agreement regarding the share of the property to be exempt in each year of the agreement apply to the taxation of the property by the municipality if before the annexation the governing body of the municipality by official action expresses an intent to enter into an agreement with the owner of the property to abate taxes on the property if it is annexed or to be bound by the terms of the county agreement after annexation, even if that official action of the governing body of the municipality expressing that intent occurs before September 1, 1989.

(d) Except as otherwise provided by this subsection, property that is located in a reinvestment zone designated by a county under this subchapter and that is owned or leased by a person who is a member of the commissioners court may not be subject to a tax abatement agreement made under this section. Property that is subject to a tax abatement agreement under this section in effect when the person becomes a member of the commissioners court does not cease to be eligible for property tax abatement under that agreement because of the person's membership on the commissioners court.

(e) An agreement made under 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 312.208 for an agreement made under Subchapter B.

(f) The Texas Department of Economic Development or its successor may recommend that a taxing unit enter into a tax abatement agreement with a person under this chapter. In determining whether to enter into a tax abatement agreement under this section, the commissioners court of a county shall consider any recommendation made by the Texas Department of Economic Development or its successor.

Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.

Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.12(b), eff. Aug. 28,