MAINTENANCE TAX

The Board may levy, assess, and collect annual ad valorem taxes for the maintenance of the District's schools. *Education Code 45.002*

TAX RATE CAP

If authorized by a majority of qualified voters of the District voting at an election held for that purpose, the District may impose a maintenance tax rate at a rate not to exceed the rate stated in the proposition. For any year, the maintenance tax rate per $100 of taxable value adopted by the District may not exceed the rate equal to the sum of $0.17 and the product of the state compression percentage, as determined under Education Code 42.2516, multiplied by $1.50.

A rate that exceeds this maximum rate for the year in which the tax is to be imposed is void. A district with a tax rate that is void under this subsection may, subject to requirements imposed by other law, adopt a rate for that year that does not exceed the specified maximum rate for that year.

Notwithstanding any other law, a district that levied a maintenance tax for the 2005 tax year at a rate greater than $1.50 per $100 of taxable value in the District as permitted by special law may not levy a maintenance tax at a rate that exceeds the rate per $100 of taxable value that is equal to the sum of $0.17 and the product of the state compression percentage, as determined under Education Code 42.2516, multiplied by the rate of the maintenance tax levied by the District for the 2005 tax year.

Education Code 45.003(a), (d)–(f)

APPRAISAL ROLL

By August 1 or as soon thereafter as practicable, the District's tax assessor shall submit to the Board the District's appraisal roll, showing the total appraised, assessed, and taxable values of all property and the total taxable value of new property.

Note: The Texas comptroller of public accounts annually publishes *Truth in Taxation: A Guide for Setting School District Tax Rates.* School districts should consult the *Truth in Taxation* guide, available in print form or through the comptroller's Web site at http://www.window.state.tx.us/taxinfo/proptax/tnt11/pdf/96-1212.pdf, for detailed guidance on setting local property tax rates.

By August 1 or as soon thereafter as practicable, the District's tax collector shall certify to the Board the estimates and amounts required by law.

Tax Code 26.04(b)

CERTIFIED ESTIMATE

By April 30, the chief appraiser shall prepare and certify an estimate of the taxable value of District property. *Tax Code 26.01(e)*

MEETING ON BUDGET AND PROPOSED TAX RATE

The Board shall call a public meeting to discuss and adopt its budget and proposed tax rate. The Board must provide notice of the budget and proposed tax rate meeting, as described below. The budget must be adopted before the adoption of the tax rate for the tax year in which the fiscal year covered by the budget begins. [See CE]

PUBLISHED NOTICE

The Board President shall provide for publication of notice of the budget and proposed tax rate meeting in a daily, weekly, or biweekly newspaper published in the District. If no daily, weekly, or biweekly newspaper is published in the District, the President shall provide for publication of notice in at least one newspaper of general circulation in the county in which the District's central administrative office is located. The notice shall be published not earlier than the 30th day or later than the tenth day before the date of the hearing.

FORM OF NOTICE

The published notice of the public meeting to discuss and adopt the budget and the proposed tax rate must meet the size, format, and content requirements dictated by law.

The notice is not valid if it does not substantially conform to the language and format prescribed by the comptroller.

TAXPAYER INJUNCTION

If the District has not complied with the published notice requirements in the FORM OF NOTICE described above, and the requirements for DISTRICTS WITH JULY 1 FISCAL YEAR below, if applicable, and the failure to comply was not in good faith, a person who owns taxable property in the District is entitled to an injunction restraining the collection of taxes by the District. An action to enjoin the collection of taxes must be filed before the date the District delivers substantially all of its tax bills.

DISTRICTS WITH JULY 1 FISCAL YEAR

A district with a fiscal year beginning July 1 may use the certified estimate of the taxable value of District property in preparing the published notice if the District does not receive the certified appraisal roll on or before June 7. A district that uses a certified estimate may adopt a budget at the public meeting designated in the published notice prepared using the estimate, but the District may not adopt a tax rate before the District receives the certified appraisal roll for the District.

After receipt of the certified appraisal roll, the District must publish a revised notice and hold another public meeting before the District may adopt a tax rate that exceeds:

1. The rate proposed in the notice prepared using the estimate; or

2. The District's rollback rate determined under Tax Code 26.08 using the certified appraisal roll.

DECREASE IN DEBT SERVICE RATE

If the debt service rate calculated under Education Code 44.004(c)(5)(A)(ii)(b) decreases after the publication of the notice required by this section, the Board President is not required to publish another notice or call another meeting to discuss and adopt the budget and the proposed lower tax rate.

Education Code 44.004

TAX RATE

Before the later of September 30 or the 60th day after the date the certified appraisal roll is received, the Board shall adopt a tax rate for the current tax year that reflects the two components, maintenance and operations expenditures and the debt service rate calculated under Education Code 44.004(c)(5)(A)(ii)(b), and shall notify the assessor of the tax rate adopted. The two components shall be approved separately. *Tax Code 26.05(a)*

The Board may not impose property taxes in any year until it has adopted a tax rate for that year, and the annual tax rate must be set by ordinance, resolution, or order. The vote on the ordinance, resolution, or order setting the tax rate must be separate from the vote adopting the budget. The budget shall be adopted before the adoption of the tax rate. *Tax Code 26.05(b); Education Code 44.004(g)*

EXCEPTION

The District may adopt a budget after the District adopts a tax rate for the tax year in which the fiscal year covered by the budget begins if the District elects to adopt a tax rate before receiving the certified appraisal roll for the District. The Board may adopt a tax rate for the current tax year before receipt of the certified appraisal roll if the chief appraiser of the appraisal district in which the District participates has, by April 30, certified to the assessor for the District an estimate of the taxable value of property in the District as provided by Education Code 26.01(e). If the District adopts a tax rate before the adoption of the budget, the effective tax rate and the rollback tax rate of the District shall be calculated based on the certified estimate of taxable value. *Education Code 44.004(j); Tax Code 26.01(e), .05(g)*

EFFECTIVE TAX RATE

The vote on the ordinance setting a tax rate that exceeds the effective tax rate must be a record vote. A motion to adopt an ordinance setting a tax rate that exceeds the effective tax rate must be made in the following form: "I move that the property tax rate be increased by the adoption of a tax rate of (specify tax rate), which is

effectively a (insert percentage by which the proposed tax rate exceeds the effective tax rate) percent increase in the tax rate."

MAINTENANCE AND OPERATIONS TAX RATE

If the ordinance sets a tax rate that, if applied to the total taxable value, will impose an amount of taxes to fund maintenance and operation expenditures of the taxing unit that exceeds the amount of taxes imposed for that purpose in the preceding year, the Board must include in the ordinance in type larger than the type used in any other portion of the document the following statement: "THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE"; and if the tax rate exceeds the effective maintenance and operations rate, the following statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A $100,000 HOME BY APPROXIMATELY $(Insert amount)."

INTERNET POSTING

The District shall also include on the home page of any Internet Web site operated by the District the following statement: "(Insert name of unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE"; and if the tax rate exceeds the effective maintenance and operations rate, the following statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A $100,000 HOME BY APPROXIMATELY $(Insert amount)."

Tax Code 26.05(b)

ELECTION TO RATIFY SCHOOL TAXES

If the Board adopts a tax rate that exceeds the District's rollback tax rate as defined in Tax Code 26.08, the registered voters of the District at an election held for that purpose must determine whether to approve the adopted tax rate. When increased expenditure of money is necessary due to a natural disaster and the governor has requested federal disaster assistance, an election is not required. *Tax Code 26.08(a)*

The Board shall order that the election be held in the District on a date not less than 30 or more than 90 days after the date on which it adopted the tax rate. The election need not be held on a uniform election date unless a uniform election date falls within the 30–90 day time period. *Tax Code 26.08(b)*

PROPOSITION

In addition to any other requirement imposed by law for a proposition, including a provision prescribing the proposition language, a

proposition submitted to the voters for approval of the imposition or increase of a tax shall specifically state the amount of or maximum tax rate of the tax or tax increase for which approval is sought. *Education Code 52.072(e)*

APPROVAL OF PROPOSITION

If a majority of votes cast in the District favor the proposition, the tax rate for the current year is the rate that was adopted by the Board. If the proposition is not approved, the Board may not adopt a tax rate for the current year that exceeds the District's rollback tax rate. *Tax Code 26.08(c)–(d)*

CALL FOR ELECTION

A call for an election shall be made not later than the 62nd day before election day.

EXCEPTIONS

For an election to be held on the date of the general election for state and county officers, the November uniform election date of even-numbered years, the election shall be called not later than the 78th day before the election day.

For an election to be held on a uniform election date other than the date of the general election for state and county officers, the election shall be called not later than the 71st day before election day.

An election under Tax Code 26.08 to ratify a tax rate adopted by the Board under Tax Code 26.05(g) shall be ordered not later than the 30th day before election day.

Election Code 3.003, .005, 41.002 [See BBB]

NOTICE TO COUNTY CLERK

The Board shall deliver notice of the election to the county clerk of each county in which the District is located not later than the 60th day before election day.

EXCEPTION

If the Board orders an election under Tax Code 26.08 to ratify a tax rate adopted by the Board under Tax Code 26.05(g), the Board shall deliver notice of the election to the county clerk of each county in which the District is located not later than the 30th day before election day.

Election Code 4.008

PRECLEARANCE REQUIRED

A rollback election is subject to federal preclearance requirements to the extent that the District makes changes in the practices or procedures to be followed. Any discretionary setting of the date for a rollback election or scheduling of events leading up to or following a rollback election is subject to the preclearance requirement. *28 CFR 51.17* [See BBB]

TAX INFORMATION TO COUNTY

The District shall provide to the county assessor-collector for each county in which all or part of District territory is located the District's adopted tax rate, maintenance and operations rate, debt rate, ef-

fective tax rate, effective maintenance and operations rate, and rollback tax rate for posting on the county's Internet Web site. The District shall provide the information annually following the adoption of a tax rate by the District for the current tax year. *Tax Code 26.16(a)–(b)*

DISCOUNTS

The Board may adopt one or both of the following discount options for early payment of District taxes. *Tax Code 31.05(a)*

OPTION 1

If the Board adopts Option 1, the following apply regardless of the date on which the District mails its tax bills.

1. Three percent if the tax is paid in October or earlier.
2. Two percent if the tax is paid in November.
3. One percent if the tax is paid in December.

Tax Code 31.05(b)

This discount does not apply to taxes that are calculated too late for it to be available. *Tax Code 31.04(c)*

OPTION 2

If the Board adopts Option 2, the following discounts apply only when the District mails its tax bills after September 30:

1. Three percent if the tax is paid before or during the next full calendar month following the date on which the tax bills were mailed.
2. Two percent if the tax is paid during the second full calendar month following the date on which the tax bills were mailed.
3. One percent if the tax is paid during the third full calendar month following the date on which the tax bills were mailed.

Tax Code 31.05(c)

BOTH OPTIONS

If the Board adopts both discount options, the discounts described at Option 1 apply unless the District mails its tax bills after September 30, in which case only the discounts described at Option 2 apply. *Tax Code 31.05(a)*

RESCISSION

The Board may rescind a discount lawfully adopted by the Board. The rescission of a discount takes effect in the tax year following the year in which the discount is rescinded. *Tax Code 31.05(d)*

SPLIT PAYMENT

The Board may provide for split payment of taxes. If a person pays one-half of the taxes before December 1, he or she may pay the remaining one-half of the taxes without penalty or interest at any time before July 1 of the following year. This payment option does

not apply to taxes that are calculated too late for it to be available.
Tax Code 31.03, .04(c)

DISASTER AREA

Owners of certain property in a disaster area are permitted to pay taxes in installment payments. This option applies to:

1. Real property that:

   a. Is the residence homestead of the owner or consists of property that is used for residential purposes and that has fewer than five living units, or is owned or leased by a business entity that had not more than the amount calculated as provided by Tax Code 31.032(h) in gross receipts in the entity's most recent federal tax year or state franchise tax annual period, according to the applicable federal income tax return or state franchise tax report of the entity; and

   b. Is located in a disaster area and has been damaged as a direct result of the disaster;

2. Tangible personal property that is owned or leased by a business entity described above at number 1(a); and

3. Taxes that are imposed on the property by a taxing unit before the first anniversary of the disaster.

If the owner of such property pays at least one-fourth of the taxes imposed on the property before the delinquency date, accompanied by notice that the person will pay the remaining taxes in installments, the owner may make the remainder of the payments in three equal installments. Such installment payments shall not incur penalty or interest if paid by the applicable dates provided for in Tax Code 31.032.

Tax Code 31.032(a)–(b)

PERFORMING SERVICES IN LIEU OF PAYING TAXES

The Board may permit certain individuals or business entities to provide certain services to the District in lieu of paying the District property taxes. While performing services for the District, the individual is not an employee of the District and is not entitled to any benefit, including workers' compensation coverage, that the District provides to its employees.

PERSONS 65 AND OVER

Subject to the requirements contained in Tax Code 31.035, the Board by order or resolution may permit an individual who is at least 65 years of age to perform services for the taxing unit in lieu of paying taxes imposed by the District on property owned by the individual and occupied as the individual's residence homestead.

Tax Code 31.035

TEACHING SERVICES BY INDIVIDUAL

Subject to the requirements contained in Tax Code 31.036, the Board by resolution may permit qualified individuals, who are not employed by the District, to perform teaching services for the District at a junior high school or high school of the District in lieu of paying taxes imposed by the District on property owned and occupied by the individual as a residence homestead. *Tax Code 31.036*

TEACHING SERVICES BY EMPLOYEE OF BUSINESS ENTITY

Subject to the requirements contained in Tax Code 31.037, the Board by resolution may authorize a corporation or other business entity to permit a qualified individual employed by the business entity to perform teaching services in a high school or a junior high school for the District in lieu of paying taxes imposed by the District on property owned by the business entity. *Tax Code 31.037*

INSTALLMENT PAYMENTS

CERTAIN HOMESTEADS

An individual who is disabled or at least 65 and qualifies for a homestead exemption may pay taxes on the residence homestead property in installments. To do so, the individual must pay at least one-fourth of the taxes due before the delinquency date. This payment must be accompanied by notice that the individual will pay the remaining taxes in installments. The person may pay the remaining taxes without penalty or interest. The first installment must be paid before April 1, the second before June 1, and the third before August 1. *Tax Code 31.031*

PARTIAL PAYMENTS

The tax collector may decide to accept partial payments of District property taxes. Acceptance of a partial payment does not affect the delinquency date, but penalties and interest are incurred only by the portion of tax that remains unpaid on the date the tax becomes delinquent. The discounts described above do not apply to any portion of a partial payment of District taxes. *Tax Code 31.07(c)*

DELINQUENCY DATE

Taxes are delinquent if not paid before February 1 of the year following the year in which imposed, except as provided below:

1. The District has provided for split payments. *Tax Code 31.03*
2. The District's tax bills are mailed after January 10. *Tax Code 31.04(a)*
3. The District's tax bills are mailed after September 30 and the Board has adopted discounts provided by Tax Code 31.05(c). *Tax Code 31.04(d)*

Tax Code 31.02

DELINQUENT TAX COLLECTION

The Board may contract with any competent attorney to represent the District to enforce the collection of delinquent taxes. The attorney's compensation is set in the contract, but the total amount of

compensation provided may not exceed 20 percent of the amount of delinquent tax, penalty, and interest collected. *Tax Code 6.30(c)*

ADDITIONAL PENALTIES

If the District or the tax collector for the District has contracted with a private attorney for the collection of delinquent taxes, the Board may impose, by official action, an additional penalty on taxes that become delinquent on or after February 1 but not later than May 1 and remain delinquent on July 1 of the year in which they become delinquent. This penalty may not exceed the amount of compensation specified in the contract with the attorney to be paid in connection with the collection of the delinquent taxes and shall be secured by a tax lien. The District's tax collector shall deliver notice to the property owner of the delinquency and the penalty 30 to 60 days before July 1. *Tax Code 33.07*

If the District or the tax collector for the District has imposed the penalty described above and has contracted with a private attorney for collection of delinquent taxes, the Board may impose, by official action, an additional penalty on all taxes that become delinquent on or after June 1 under Tax Code 26.15(e), 31.03, 31.031, 31.032, 31.04, or 42.42. This penalty may not exceed the amount of compensation specified in the contract with the attorney to be paid in connection with the collection of the delinquent taxes and shall be secured by a tax lien. The District's tax collector shall send notice of the delinquency and the penalty to the property owner. The penalty is incurred on the first day of the first month that begins at least 21 days after the date the notice is sent. *Tax Code 33.08*

HOMESTEAD EXEMPTIONS

An adult is entitled to exemption from taxation of $15,000 of the appraised value of his or her residence homestead except that $10,000 of the exemption does not apply to an entity operating under former Education Code Chapters 17, 18, 25, 26, 27, or 28, as those chapters existed on May 1, 1995. An adult who is disabled or 65 or older is entitled to an additional $10,000 exemption of the appraised value of his or her residence homestead. *Tax Code 11.13(b)–(c)*

APPLICATION FOR EXEMPTION

To receive the residence homestead exemptions, the person claiming the exemption must apply for the exemption. *Tax Code 11.43*

PERSONS 65 AND OVER OR DISABLED PERSONS

The District shall not increase the total annual amount of ad valorem tax it imposes on the residence homestead of an individual 65 years of age or older, or on the residence homestead of an individual who is disabled as defined by Section 11.13 of the Tax Code, above the amount of the tax it imposed in the first tax year in which the individual qualified that residence homestead for an applicable exemption. *Tax Code 11.26(a)*

OTHER LIMITATIONS

Notwithstanding the other provisions of this section, if in the 2007 tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead and the first tax year the individual or the individual's spouse qualified for an exemption under Tax Code 11.13(c) for the same homestead was the 2006 tax year, the amount of the limitation provided by this section on the homestead in the 2007 tax year is equal to the amount computed as provided by Tax Code 11.26(a-1). *Tax Code 11.26(a-1)*

Notwithstanding the other provisions of this section, if in the 2007 tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead and the first tax year the individual or the individual's spouse qualified for an exemption under Tax Code 11.13(c) for the same homestead was a tax year before the 2006 tax year, the amount of the limitation provided by this section on the homestead in the 2007 tax year is equal to the amount computed as provided by Tax Code 11.26(a-2). *Tax Code 11.26(a-2)*

Except as provided at IMPROVEMENTS, below, a limitation on tax increases provided by this section on a residence homestead computed under Tax Code 11.26(a-1) or (a-2) continues to apply to the homestead in subsequent tax years until the limitation expires. *Tax Code 11.26(a-3)*

IMPROVEMENTS

The District may increase the taxes if improvements are made to the property, but that tax amount is then frozen. *Tax Code 11.26(b)*

PORTABILITY OF LIMITATION

If an individual who receives the 65-and-over limitation on tax increases subsequently qualifies for a different resident homestead, the District may impose taxes on the subsequently acquired homestead only in accordance with Tax Code 11.26. *Tax Code 11.26(g)–(h)*

HOMESTEADS RENDERED UNINHABITABLE OR UNUSABLE

If a qualified residential structure for which the owner receives a homestead exemption under Tax Code 11.13 is rendered uninhabitable or unusable by a casualty or by wind or water damage, the owner may continue to receive the exemption for the structure and the land and improvements used in the residential occupancy of the structure while the owner constructs a replacement qualified residential structure on the land in accordance with Tax Code 11.135 and 11.26(n)–(o) and 34 Administrative Code 9.416. *Tax Code 11.135, .26(n)–(o); 34 TAC 9.416*

DISABLED VETERANS

A disabled veteran who receives from the U.S. Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption

from taxation of the total appraised value of the veteran's residence homestead.

SURVIVING SPOUSE

The surviving spouse of a disabled veteran who qualified for an exemption when the veteran died is entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied if:

1. The surviving spouse has not remarried since the death of the disabled veteran; and
2. The property:
   a. Was the residence homestead of the surviving spouse when the disabled veteran died; and
   b. Remains the residence homestead of the surviving spouse.

If a surviving spouse who qualifies for an exemption subsequently qualifies a different property as the surviving spouse's residence homestead, the surviving spouse is entitled to an exemption from taxation of the subsequently qualified homestead in an amount equal to the dollar amount of the exemption of the former homestead in the last year in which the surviving spouse received an exemption for that homestead if the surviving spouse has not remarried since the death of the disabled veteran.

The surviving spouse is entitled to receive a written certificate providing the information necessary to determine the amount of the exemption to which the surviving spouse is entitled from the chief appraiser of the appraisal district in which the former residence homestead was located.

PRORATED EXEMPTION

A disabled veteran or surviving spouse who qualifies for an exemption for part of a tax year may receive the exemption, calculated in accordance with Tax Code 26.1125, for the applicable portion of the tax year upon qualification for the exemption.

Tax Code 11.131, .42(e)

ADDITIONAL EXEMPTIONS

The Board may grant additional tax exemptions for homesteads, historic sites, certain tax-exempt corporations, and charitable organizations, as provided by law. *Tax Code 11.13, .184, .24; Tex. Const. Art. VIII, Sec. 1-b*

NOTICE OF OPTIONAL EXEMPTION

If the District adopts, amends, or repeals an exemption that the District by law has the option to adopt or not, the District shall notify the appraisal office of its action and of the terms of the exemption within 30 days after the date of its action. *Tax Code 6.08*

NATURAL DISASTER

If the District is located partly or entirely inside an area declared by the governor to be a natural disaster area, the Board may authorize the reappraisal of all property damaged in the disaster at its market value immediately after the disaster. *Tax Code 23.02(a)*

REINVESTMENT ZONES / TAX INCREMENT FINANCING

The governing body of a municipality or county may designate a geographic area as a reinvestment zone to promote development or redevelopment of the area if the governing body determines that development or redevelopment would not occur solely through private investment in the reasonably foreseeable future, in accordance with the Tax Increment Financing Act, Tax Code Chapter 311. *Tax Code 311.003(a)*

BOARD OF DIRECTORS

The Board may appoint one member of the reinvestment zone's board of directors if the District has approved the payment of all or part of the tax increment produced by the District into the tax increment fund for the zone or may waive that right. *Tax Code 311.009(a)*

In certain reinvestment zones, the Board may be entitled to appoint more than one member of the reinvestment zone's board of directors. *Tax Code 311.0091(a)–(b)*

When the reinvestment zone has been designated upon petition of property owners under Tax Code 311.005(a)(4), the Board may appoint a member or members, as appropriate, of the reinvestment zone's board of directors only if it has approved the payment of all or part of the tax increment produced by the District into the tax increment fund for the zone. *Tax Code 311.009(b)*, *.0091(c)*

COLLECTION AND DEPOSIT OF TAX INCREMENTS

The District shall provide for the collection of its taxes in the zone as for any other property tax and shall pay into the zone's tax increment fund the amount specified by law. Notwithstanding any termination of the reinvestment zone and unless otherwise specified by an agreement between the District and the municipality or county that created the zone, this payment shall be made no later than 90 days after the later of the delinquency date for District property taxes or the date the municipality or county that created the zone submits to the District an invoice specifying the tax increment produced by the District and the amount the District is required to pay into the tax increment fund for the zone. The District is not required to pay the portion attributable to delinquent taxes until those taxes are collected. The District shall not be required to pay a tax increment into the zone's tax increment fund beyond three years from the date the zone was created, except as provided by law. *Tax Code 311.013*

The District is not required to pay into the tax increment fund any of its tax increment produced from a reinvestment zone created upon

petition of property owners under Tax Code 311.005(a) unless it enters into an agreement to do so with the governing body of the municipality or county that designated the zone. *Tax Code 311.013(f)*

The District is not required to pay into the tax increment fund any of its tax increment produced from property located in an area added to a reinvestment zone under Tax Code 311.007 unless the Board enters into an agreement to do so with the governing body of the municipality or county that created the zone. *Tax Code 311.013(k)*

A district that participates in a zone is not required to increase the percentage or amount of the tax increment to be contributed by the District because of an amendment to the project plan or reinvestment zone financing plan for the zone unless the Board by official action approves the amendment. *Tax Code 311.011(g)*

A district whose taxable value is reduced under Government Code 403.302(d)(4) shall pay into the tax increment fund, in addition to the amount otherwise required to be paid, the amount by which the amount of taxes the District would have been required to pay into the fund in the current year if the District levied taxes at the rate the District levied in 2005 exceeds the amount the District is otherwise required to pay into the fund in the year of the reduction. This additional amount may not exceed the amount the District receives in state aid for the current tax year under Education Code 42.2514. The District shall pay the additional amount after the District receives the state aid to which the District is entitled for the current tax year under Education Code 42.2514. *Tax Code 311.013(n)*

Notwithstanding the designation of a later termination date under Tax Code 311.017(a), a district that taxes real property located in the reinvestment zone is not required to pay any of its tax increment into the tax increment fund for the zone after the termination date designated in the ordinance or order creating the zone unless the Board enters into an agreement to do so with the governing body of the municipality or county that created the zone. *Tax Code 311.017(a-1)*

If the governing body of the municipality or county that designated a reinvestment zone extends the term of all or a portion of the zone, the District is not required to participate in the zone or portion of the zone for the extended term unless the District enters into a written agreement to do so. *Tax Code 311.007(c)*

GOODS-IN-TRANSIT

A person is entitled to an exemption from taxation of the appraised value of that portion of the person's property that consists of goods-in-transit.

In accordance with Tax Code 11.253, the Board may provide for the taxation of goods-in-transit exempt as set out above and not exempt under other law. The official action to tax the goods-in-transit must be taken before January 1 of the first tax year in which the governing body proposes to tax goods-in-transit. Before acting to tax the exempt property, the Board must conduct a public hearing as required by Texas Constitution Article VIII, Section 1-n(d). The goods-in-transit remain subject to taxation by the District until the Board rescinds or repeals its previous action to tax goods-in-transit, or otherwise determines that the exemption prescribed above will apply to that District.

Notwithstanding official action that was taken before October 1, 2011, to tax goods-in-transit, the District may not tax such goods-in-transit in a tax year that begins on or after January 1, 2012, unless the Board takes official action on or after October 1, 2011, to provide for the taxation of the goods-in-transit.

EXCEPTION

If the Board, before October 1, 2011, took action to provide for the taxation of goods-in-transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt of the District, the District tax officials may continue to impose the taxes against the goods-in-transit until the debt is discharged, if cessation of the imposition would impair the obligation of the contract by which the debt was created.

Tax Code 11.253(b), (j)–(j-2)

REINVESTMENT ZONES

TAX ABATEMENT

On or after September 1, 2001, the District may not enter into a tax abatement agreement under Tax Code Chapter 312. *Tax Code 312.002(f)*

DISTRICT DESIGNATED

Notwithstanding any other provision of Tax Code Chapter 312 to the contrary, the Board, in the manner required for official action and for purposes of Tax Code Chapter 313, Subchapter B or C [see TEXAS ECONOMIC DEVELOPMENT ACT, below], may designate an area entirely within the territory of the District as a reinvestment zone if the Board finds that, as a result of the designation and the granting of a limitation on appraised value, for property located in the reinvestment zone, the designation is reasonably likely to:

1. Contribute to the expansion of primary employment in the reinvestment zone; or

2. Attract major investment in the reinvestment zone that would:

    a. Be a benefit to property in the reinvestment zone and to the District; and

b. Contribute to the economic development of the region of this state in which the District is located.

The Board may seek the recommendation of the commissioners court of each county and the governing body of each municipality that has territory in the District before designating an area as a reinvestment zone.

Tax Code 312.0025

TEXAS ECONOMIC DEVELOPMENT ACT

In order to attract large-scale capital investments, create new jobs, strengthen the economy, and expand the property tax base, districts may offer certain ad valorem tax benefits and financial benefits in accordance with the Texas Economic Development Act. *Tax Code 313*

Districts should strictly interpret the criteria and selection guidelines and approve only those applications for an ad valorem tax benefit or financial benefit that:

1. Enhance the local community;
2. Improve the local public education system;
3. Create high-paying jobs; and
4. Advance the economic development goals of Texas as identified by the Texas Strategic Economic Development Planning Commission.

Tax Code 313.004(3)

Note: For complete information regarding the Texas Economic Development Act, refer to Tax Code Chapter 313 and 34 Administrative Code Chapter 9, Subchapter F.