

**Reinvestment
Zones—Tax
Increment Financing**

The governing body of a county by order may designate a contiguous geographic area in the county and the governing body of a municipality by ordinance may designate a contiguous or noncontiguous geographic area that is in the corporate limits of the municipality, in the extraterritorial jurisdiction of the municipality, or in both to be 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. The designation of an area that is wholly or partly located in the extraterritorial jurisdiction of a municipality is not affected by a subsequent annexation of real property in the reinvestment zone by the municipality. *Tax Code 311.003(a)*

Board of Directors

Each taxing unit other than the municipality or county that designated the zone that levies taxes on real property in the zone may appoint one member of the reinvestment zone's board of directors if the taxing unit has approved the payment of all or part of the tax increment produced by the unit into the tax increment fund for the zone. A unit may waive its right to appoint a director.

In a reinvestment zone designated by a municipality which is wholly or partially located in a county with a population of less than 1.8 million in which the principal municipality has a population of 1.1 million or more, except as provided by Tax Code 311.0091(c), each taxing unit that approves the payment of all or part of its tax increment into the tax increment fund is entitled to appoint a number of members of the reinvestment zone's board of directors in proportion to the taxing unit's pro rata share of the total anticipated tax increment to be deposited into the tax increment fund during the term of the zone.

If the zone was designated upon petition of property owners under Tax Code 311.005(a)(4), each taxing unit, other than the municipality or county that designated the zone, that levies taxes on real property in the zone may appoint one member or members, as provided by Tax Code 311.009(b), 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 taxing unit into the tax increment fund for the zone.

Tax Code 311.009(a)–(b), .0091(a)–(c)

Collection and
Deposit of Tax
Increments

Each taxing unit that taxes real property located in a reinvestment zone shall provide for the collection of its taxes in the zone as for any other property taxed by the unit. Each taxing unit shall pay into the tax increment fund for the zone an amount specified by Tax

Code 311.013(b). Notwithstanding any termination of the reinvestment zone under Tax Code 311.017(a) and unless otherwise specified by an agreement between the taxing unit and the municipality or county that created the zone, a taxing unit shall make the payment not later than the 90th day after the later of the delinquency date for the unit's property taxes or the date the municipality or county that created the zone submits to the taxing unit an invoice specifying the tax increment produced by the taxing unit and the amount the taxing unit is required to pay into the tax increment fund for the zone. A taxing unit is not required to pay into a tax increment fund the applicable portion of a tax increment attributable to delinquent taxes until those taxes are collected.

A taxing unit is not required to pay into the tax increment fund any of its tax increment produced the property located in a reinvestment zone created designated by a petition of property owners under Tax Code 311.005(a) or in an area added to a reinvestment zone under Tax Code 311.007 unless the taxing unit enters into an agreement to do so with the governing body of the municipality or county that designated the zone.

Notwithstanding the designation of a later termination date under Tax Code 311.017(a), a taxing unit 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 governing body of the taxing unit enters into an agreement to do so with the governing body of the municipality or county that created the zone.

The governing body of the municipality or county that designated a reinvestment zone by ordinance or resolution or by order or resolution, respectively, may extend the term of all or a portion of the zone after notice and hearing in the manner provided for the designation of the zone. A taxing unit is not required to participate in the zone or portion of the zone for the extended term unless the taxing unit enters into a written agreement to do so.

Tax Code 311.007(c), .013, .017(a-1)

Transfer of Funds
Between
Reinvestment
Zones

Money in the tax increment fund for a reinvestment zone may be transferred to the tax increment fund for an adjacent zone if:

1. The taxing units that participate in the zone from which the money is to be transferred participate in the adjacent zone and vice versa;
2. Each participating taxing unit has agreed to deposit the same portion of its tax increment in the fund for each zone;

3. Each participating taxing unit has agreed to the transfer; and
4. The holders of any tax increment bonds or notes issued for the zone from which the money is to be transferred have agreed to the transfer.

Tax Code 311.014(f)

**Reinvestment
Zones—Tax
Abatement**

Eligibility to
Participate

A taxing unit may not enter into a tax abatement agreement under Tax Code Chapter 312 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 be eligible to participate in tax abatement. The governing body of a taxing unit may not enter into a tax abatement agreement unless it finds that the terms of the agreement meets and the property subject to the agreement meet the applicable guidelines and criteria adopted by the governing body.

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.

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.

The guidelines and criteria 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.

The adoption of 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.
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.

Tax Code 312.002

Municipal
Reinvestment Zone

*Notice of Public
Hearing on
Designation*

The governing body of a municipality may not adopt an ordinance designating an area as a reinvestment zone until the governing body has held a public hearing on the designation and has found that the improvements sought are feasible and practical and would be a benefit to the land to be included in the zone and to the municipality after the expiration of an agreement entered into under Tax Code 312.204 and 312.211, as applicable. At the hearing, interested persons are entitled to speak and present evidence for or against the designation. Not later than the seventh day before the date of the hearing, notice of the hearing must be published in a newspaper having general circulation in the municipality and delivered in writing to the presiding officer of the governing body of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone. *Tax Code 312.201(d)*

*Notice of Tax
Abatement
Agreements*

Not later than the seventh day before the date on which a municipality enters into a tax abatement agreement under Tax Code 312.204 or 312.211, the governing body of the municipality or a designated officer or employee of the municipality shall deliver to the presiding officer of the governing body of each other taxing unit in which the property to be subject to the agreement is located a written notice that the municipality intends to enter into the agreement. The notice must include a copy of the proposed agreement. Failure to deliver the notice does not affect the validity of the agreement. *Tax Code 312.2041(a), (c)*

*Entering Tax
Abatement
Agreements*

If property taxes on property located in the taxing jurisdiction of a municipality are abated under an agreement made under Tax Code 312.204 or 312.211, the governing body of each other taxing unit eligible to enter tax abatement agreements under Tax Code 312.002 in which the property is located may execute a written agreement with the owner of the property. The agreement is not required to contain terms identical to those contained in the agreement with the municipality. The execution, duration, and other terms of an agreement made under this section are governed by the provisions of Tax Code 312.204, 312.205, and 312.211. *Tax Code 312.206(a)*

Meeting

To be effective, an agreement must be approved by the affirmative vote of a majority of the members of the governing body of the municipality or other taxing unit at a regularly scheduled meeting of the governing body. On approval by the governing body, an agreement may be executed in the same manner as other contracts made by the municipality or other taxing unit.

In addition to any other requirement of law, the public notice of a meeting at which the governing body of a municipality or other taxing unit will consider the approval of a tax abatement agreement with a property owner must contain:

1. The name of the property owner and the name of the applicant for the tax abatement agreement;
2. The name and location of the reinvestment zone in which the property subject to the agreement is located;
3. A general description of the nature of the improvements or repairs included in the agreement; and
4. The estimated cost of the improvements or repairs.

The notice of a meeting required by this section must be given in the manner required by Government Code Chapter 551, except that the notice must be provided at least 30 days before the scheduled time of the meeting.

Tax Code 312.207

County
Reinvestment
Zones

*Notice of Public
Hearing on
Designation*

The commissioners court may not designate an area as a reinvestment zone until it holds a public hearing on the designation and finds that the designation would contribute to the retention or expansion of primary employment or would attract major investment in the zone that would be a benefit to the property to be included in the zone and would contribute to the economic development of the county. At the hearing, interested persons are entitled to speak and present evidence for or against the designation. Notice of the hearing must be given in the same manner as provided for notice of a hearing to be held by a municipality under Tax Code 312.201. *Tax Code 312.401(a)*

*Entering Tax
Abatement
Agreements*

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 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 Tax Code 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.

Tax Code 312.402(a)–(b)

Weatherford College
184501

AD VALOREM TAXES
ECONOMIC DEVELOPMENT

CAIB
(LEGAL)

Meeting

To be effective, an agreement made under Tax Code Chapter 312, Subchapter C must be approved by the governing body of the county or other taxing unit in the manner that the governing body of a municipality authorizes an agreement under Tax Code 312.207.
Tax Code 312.404