

## **BILL ANALYSIS**

Senate Research Center  
82R24016 ALL-F

H.B. 2853  
By: Davis, John et al. (Jackson)  
Economic Development  
5/10/2011  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

H.B. 2853 amends Chapter 311, Tax Code, dealing with tax increment financing, in order to modernize the chapter, omit provisions no longer used by practitioners today, and to make some substantive changes that will enhance the ability of local governments to engage in economic development through tax increment reinvestment zones (TIRZs).

The bill harmonizes the definition of "project costs" to comport with prior statutory changes, clarifies and provides structure to the existing statutory authority to extend the term of a TIRZ, allows county TIRZs to establish economic development programs, and simplifies the required contents of a TIRZ project plan, among other changes.

In addition, the bill grants to cities and counties broader authority to designate TIRZs. Current statutes arbitrarily restrict the aggregate amount of property within a city that can be included in TIRZs. Many cities that have embraced tax increment financing as their primary tool for economic development are prevented by this statutory restriction from creating or enlarging TIRZs.

The bill generally cleans up Chapter 311, Tax Code, by eliminating certain provisions added as bracketed bills in the past that are no longer necessary.

Finally, the bill reduces unnecessary paperwork by streamlining various notices and filing and eliminating those that are no longer necessary. These changes will reduce the costs incurred by cities and counties that create and participate in TIRZs.

H.B. 2853 amends current law relating to tax increment financing.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 311.002(1), Tax Code, to redefine "project costs."

SECTION 2. Amends Section 311.003(b), Tax Code, as follows:

(b) Requires the governing board of a municipality or county, before adopting an ordinance or order designating a reinvestment zone, rather than an ordinance providing for a reinvestment zone, to prepare a preliminary reinvestment zone financing plan. Deletes existing text requiring a copy of the completed plan to be sent to the governing body of each taxing unit that levies taxes on real property in the proposed zone.

SECTION 3. Amends Section 311.005(a), Tax Code, as follows:

(a) Requires an area, to be designated as a reinvestment zone, to:

(1) substantially arrest or impair the sound growth of the municipality or county designating the zone, rather than the municipality or county 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 sidewalk or street layout;

(C) faulty lot layout in relation to size, adequacy, accessibility, or usefulness;

(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) structures, other than single-family residential structures, less than 10 percent of the square footage of which has been used for commercial, industrial, or residential purposes during the preceding 12 years, if the municipality has a population of 100,000 or more;

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

(3) be in a federally assisted new community located in the municipality or county or in an area immediately adjacent to a federally assisted new community; or

(4) be an area described in a petition requesting that the area be designated as a reinvestment zone, if the petition is submitted to the governing body of the municipality or county by the owners of property constituting at least 50 percent of the appraised value of the property in the area according to the most recent certified appraisal roll for the county in which the area is located.

SECTION 4. Amends Sections 311.006(a) and (b), Tax Code, as follows:

(a) Prohibits a municipality from designating a reinvestment zone, rather than creating a reinvestment zone, if:

(1) more than 30 percent, rather than 10 percent, of the property in the proposed zone, excluding property that is publicly owned, is used for residential purposes; or

(2) the total appraised value of taxable real property in the proposed zone and in existing reinvestment zones exceeds:

(A) 25 percent, rather than 20 percent, of the total appraised value of taxable real property in the municipality and in the industrial districts created by the municipality, if the municipality has a population of

100,000 or more, rather than if the municipality is the county seat of a county that is adjacent to a county with a population of 3.3 million or more and in which a planned community is located that has 20,000 or more acres of land, that was originally established under the Urban Growth and New Community Development Act of 1970 (42 U.S.C. Section 4501 et seq.), and that is subject to restrictive covenants containing ad valorem or annual variable budget-based assessments on real property; or

(B) 50 percent, rather than 15 percent, of the total appraised value of taxable real property in the municipality and in the industrial districts created by the municipality, if the municipality has a population of less than 100,000, rather than if Paragraph (A) does not apply to the municipality.

(b) Prohibits a municipality from changing the boundaries of an existing reinvestment zone to include property in excess of the restrictions on composition of a zone described by Subsection (a), rather than include property more than 10 percent of which, excluding property dedicated to public use, is used for residential purposes or to include more than 15 percent of the total appraised value of taxable real property in the municipality and in the industrial districts created by the municipality.

SECTION 5. Amends the heading to Section 311.007, Tax Code, to read as follows:

Sec. 311.007. CHANGING BOUNDARIES OR TERM OF EXISTING ZONE.

SECTION 6. Amends 311.007, Tax Code, by adding Subsection (c), as follows:

(c) Authorizes the governing body of the municipality or county that designated a reinvestment zone by ordinance or resolution or by order or resolution, respectively, to 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. Provides that a taxing unit other than the municipality or county that designated the zone 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.

SECTION 7. Amends Section 311.008(b), Tax Code, to authorize a municipality or county to exercise any power necessary and convenient to carry out this chapter, including, among other powers, the power to acquire real property by purchase, condemnation, or other means and sell real property, on the terms and conditions and in the manner it considers advisable, to implement project plans, rather than acquire real property by purchase, condemnation, or other means to implement project plans and sell that property on the terms and conditions and in the manner it considers advisable.

SECTION 8. Amends Sections 311.009(a), (b), and (e), Tax Code, as follows:

(a) Provides that, except as provided by Subsection (b), the board of directors of a reinvestment zone consists of at least five and not more than 15 members, unless more than 15 members are required to satisfy the requirements of this subsection. Authorizes each taxing unit other than the municipality or county that designated, rather than created, the zone that levies taxes on real property in the zone to appoint one member of the board 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. Authorizes a unit to waive its right to appoint a director. Authorizes the governing body of the municipality or county that designated the zone to appoint not more than 10 directors to the board; except that if there are fewer than five directors appointed by taxing units other than the municipality or county, the governing body of the municipality or county is authorized to appoint more than 10 members as long as the total membership of the board does not exceed 15. Makes a conforming change.

(b) Authorizes the governing body of the municipality or county that designated the zone, if the zone was designated under Section 311.005(a)(4), to provide that the board of directors of the zone consists of nine members appointed as provided by this subsection, unless more than nine members are required to comply with this subsection. Authorizes each taxing unit, rather than each school district, county, or municipality, other than the municipality or county that designated the zone, that levies taxes on real property in the zone to appoint one member of the board 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. Provides that the member of the state senate in whose district the zone is located is a member of the board, and the member of the state house of representatives in whose district the zone is located is a member of the board, except that either is authorized to designate another individual to serve in the member's place at the pleasure of the member. Provides that, if the zone is located in more than one senate or house district, this subsection applies only to the senator or representative in whose district a larger portion of the zone is located than any other senate or house district, as applicable. Authorizes the municipality or county, if fewer than seven taxing units, other than the municipality or county that designated the zone, are eligible to appoint members of the board of directors of the zone, to appoint a number of members of the board such that the board comprises nine members. Authorizes the municipality or county, if at least seven taxing units, other than the municipality or county that designated the zone, are eligible to appoint members of the board of directors of the zone, to appoint one member. Deletes existing text providing that the remaining members of the board are appointed by the governing body of the municipality or county that created the zone. Makes conforming changes.

(e) Requires an individual, to be eligible for appointment to the board by the governing body of the municipality or county that designated the zone, to be at least 18 years of age and:

(1) if the board is covered by Subsection (a):

(A) be a resident of the county in which the zone is located or a county adjacent to that county, rather than be a qualified voter of the municipality or county, as applicable; or

(B) own real property in the zone, whether or not the individual resides in the county in which the zone is located or a county adjacent to that county, rather than resides in the municipality or county; or

(2) if the board is covered by Subsection (b), own real property in the zone or be an employee or agent of a person that owns real property in the zone.

Makes conforming changes.

SECTION 9. Amends Section 311.0091, Tax Code, by amending Subsection (f) and adding Subsection (i), as follows:

(f) Requires an individual, except as provided by Subsection (i), to be eligible for appointment to the board, to:

(1) be a qualified voter of the municipality; or

(2) be at least 18 years of age and own real property in the zone or be an employee or agent of a person that owns real property in the zone.

(i) Provides that the eligibility criteria for appointment to the board specified by Subsection (f) do not apply to an individual appointed by a conservation and reclamation district:

(1) created under Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI, Texas Constitution; and

(2) the jurisdiction of which covers four counties.

SECTION 10. Amends Sections 311.010(g) and (h), Tax Code, as follows:

(g) Provides that Chapter 252 (Purchasing and Contracting Authority of Municipalities), Local Government Code, does not apply to a dedication, pledge, or other use of revenue in the tax increment fund for a reinvestment zone under Subsection (b) (authorizing the board of directors of a reinvestment zone and the governing body of the municipality or county that creates a reinvestment zone to each enter into agreements as the board or the governing body considers necessary or convenient to implement the project plan and reinvestment zone financing plan and achieve their purposes), rather than a reinvestment zone by the board of directors of the zone in carrying out its powers under Subsection (b).

(h) Authorizes the board of directors of a reinvestment zone, subject to the approval of the governing body of the municipality or county that designated the zone, rather than the municipality that created the zone, as necessary or convenient to implement the project plan and reinvestment zone financing plan and achieve their purposes, to establish and provide for the administration of one or more programs for the public purposes of developing and diversifying the economy of the zone, eliminating unemployment and underemployment in the zone, and developing or expanding transportation, business, and commercial activity in the zone, including programs to make grants and loans, rather than including programs to make grants and loans from the tax increment fund of the zone in an aggregate amount not to exceed the amount of the tax increment produced by the municipality and paid into the tax increment fund for the zone, for activities that benefit the zone and stimulate business and commercial activity in the zone. For purposes of this subsection, on approval of the municipality or county, the board of directors of the zone has all the powers of a municipality under Chapter 380 (Miscellaneous Provisions Relating to Municipal Planning and Development), Local Government Code. Authorizes the approval required by this subsection to be granted in an ordinance, in the case of a zone designated by a municipality, or in an order, in the case of a zone designated by a county, approving a project plan or reinvestment zone financing plan or approving an amendment to a project plan or reinvestment zone financing plan.

SECTION 11. Amends Section 311.011, Tax Code, by amending Subsections (a), (b), (c), (d), and (g) and adding Subsection (h), as follows:

(a) Requires the board of directors of a reinvestment zone to prepare and adopt a project plan and a reinvestment zone financing plan for the zone and submit the plans to the governing body of the municipality or county that designated the zone, rather than the municipality or county that created the zone. Deletes existing text requiring that the plans be as consistent as possible with the preliminary plans developed for the zone before the creation of the board.

(b) Requires that the project plan include:

(1) a description of existing uses and conditions of real property in the zone and proposed uses of that property, rather than a map showing existing uses and conditions of real property in the zone and a map showing proposed improvements to and proposed uses of that property;

(2) proposed changes of zoning ordinances, building codes, other municipal ordinances, and subdivision rules and regulations, if any, of the county, if applicable; and

(3) a statement of a method of relocating persons to be displaced, if any, as a result of implementing the plan.

Deletes existing text requiring that the project plan include the master plan of the municipality. Deletes existing text requiring that the project plan include a list of estimated nonproject costs.

(c) Requires that the reinvestment zone financing plan include:

- (1) a detailed list describing the estimated project costs of the zone, including administrative expenses;
- (2) a statement listing the proposed kind, number, and location of all public works or public improvements to be financed by the zone, rather than the location of all proposed public works or public improvements in the zone;
- (3) a finding that the plan is economically feasible, rather than an economic feasibility study;
- (4) the estimated amount of bonded indebtedness to be incurred;
- (5) the estimated time when related costs or monetary obligations are to be incurred;
- (6) a description of the methods of financing all estimated project costs and the expected sources of revenue to finance or pay project costs, including the percentage of tax increment to be derived from the property taxes of each taxing unit anticipated to contribute tax increment to the zone that levies taxes on real property in the zone;
- (7) the current total appraised value of taxable real property in the zone;
- (8) the estimated captured appraised value of the zone during each year of its existence; and
- (9) the duration of the zone.

(d) Requires that the governing body of the municipality or county that designated, rather than created, the zone approve a project plan or reinvestment zone financing plan after its adoption by the board. Requires that the approval be by ordinance, in the case of a municipality, or by order, in the case of a county, that finds that the plan is feasible. Deletes existing text requiring that the approval be by ordinance, in the case of a municipality, or by order, in the case of a county, that finds that the plan conforms to the master plan, if any, of the municipality or to subdivision rules and regulations, if any, of the county.

(g) Provides that a school district that participates in a zone, rather than the zone, is not required to increase the percentage or amount of the tax increment to be contributed by the school district because of an amendment to the project plan or reinvestment zone financing plan for the zone unless the governing body of the school district by official action approves the amendment, rather than provides that an amendment to the project plan or the reinvestment zone financing plan for a zone does not apply to a school district that participates in the zone unless the governing body of the school district by official action approves the amendment, if the amendment has the effect of directly or indirectly increasing the percentage or amount of the tax increment to be contributed by the school district or requires or authorizes the municipality or county creating the zone to issue additional tax increment bonds or notes.

(h) Provides that, unless specifically provided otherwise in the plan, all amounts contained in the project plan or reinvestment zone financing plan, including amounts of expenditures relating to project costs and amounts relating to participation by taxing units, are considered estimates and do not act as a limitation on the described items.

Provides that this subsection may not be construed to increase the amount of any reduction under Section 403.302(d)(4) (defining, for the purposes of this section, "taxable value" as the market value of all taxable property less certain amounts including, subject to Subsection (e), the total dollar amount of any captured appraised value of certain property), Government Code, in the total taxable value of the property in a school district that participates in the zone as computed under Section 403.302(d) (defining, for the purposes of this section, "taxable value") of that code.

SECTION 12. Amends Sections 311.012(b) and (c), Tax Code, as follows:

(b) Provides that the captured appraised value of real property taxable by a taxing unit for a year is the total taxable value, rather than the total appraised value, of all real property taxable by the unit and located in a reinvestment zone for that year less the tax increment base of the unit.

(c) Providing that the tax increment base of a taxing unit is the total taxable value, rather than the total appraised value, of all real property taxable by the unit and located in a reinvestment zone for the year in which the zone was designated under this chapter. Provides that if the boundaries of a zone are enlarged, the tax increment base is increased by the taxable value of the real property added to the zone for the year in which the property was added. Provides that if the boundaries of a zone are reduced, the tax increment base is reduced by the taxable value of the real property removed from the zone for the year in which the property was originally included in the zone's boundaries. If the municipality that designates a zone does not levy an ad valorem tax in the year in which the zone is designated, the tax increment base is determined by the appraisal district in which the zone is located using assumptions regarding exemptions and other relevant information provided to the appraisal district by the municipality.

SECTION 13. Amends Sections 311.013(f) and (l), Tax Code, as follows:

(f) Provides that a taxing unit is not required to pay into the tax increment fund any of its tax increment produced from property located in a reinvestment zone designated under Section 311.005(a) or in an area added to a reinvestment zone under Section 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. Authorizes a taxing unit to enter into an agreement under this subsection at any time before or after the zone is designated or enlarged. Authorizes the agreement to include conditions for payment of that tax increment into the fund and requires the agreement to specify the portion of the tax increment to be paid into the fund and the years for which that tax increment is to be paid into the fund. Authorizes the agreement, in addition to any other terms to which the parties may agree, to specify the projects to which a participating taxing unit's tax increment will be dedicated and that the taxing unit's participation may be computed with respect to a base year later than the original base year of the zone. Provides that the agreement and the conditions in the agreement are binding on the taxing unit, the municipality or county, and the board of directors of the zone.

(l) Authorizes the governing body of a municipality or county that designates an area as a reinvestment zone to determine, in the designating ordinance or order adopted under Section 311.003 (Procedure for Creating Reinvestment Zone) or in the ordinance or order adopted under Section 311.011 (Project and Financing Plans) approving the reinvestment zone financing plan for the zone, the portion of the tax increment produced by the municipality or county that the municipality or county is required to pay into the tax increment fund for the zone. Provides that, if a municipality or county does not determine the portion of the tax increment produced by the municipality or county that the municipality or county is required to pay into the tax increment fund for a reinvestment zone, the municipality or county is required to pay into the fund for the zone the entire tax increment produced by the municipality or county, except as provided by Subsection (b)(1) (requiring each taxing unit shall pay into the tax increment fund for the zone an amount equal to the tax increment produced by the unit, less the sum of property taxes produced from the tax increments that are, by contract executed before the designation of

the area as a reinvestment zone, required to be paid by the unit to another political subdivision).

SECTION 14. Amends Section 311.014(b), Tax Code, to authorize money to be disbursed only to satisfy claims of holders of tax increment bonds or notes issued for the zone, to pay project costs for the zone, to make payments pursuant to an agreement made under Section 311.010(b) or a program under Section 311.010(h) dedicating revenue from the tax increment fund, or to repay other obligations incurred for the zone.

SECTION 15. Amends Sections 311.015(a) and (l), Tax Code, as follows:

(a) Authorizes a municipality designating a reinvestment zone, rather than creating a reinvestment zone, to issue tax increment bonds or notes, the proceeds of which may be used to make payments pursuant to agreements made under Section 311.010(b), to make payments pursuant to programs under Section 311.010(h), to pay project costs for the reinvestment zone on behalf of which the bonds or notes were issued, or to satisfy claims of holders of the bonds or notes. Authorizes the municipality to issue refunding bonds or notes for the payment or retirement of tax increment bonds or notes previously issued by it.

(l) Requires that a tax increment bond or note mature on or before the date by which the final payments of tax increment into the tax increment fund are due, rather than mature within 20 years of the date of issue.

SECTION 16. Amends Section 311.016(a), Tax Code, as follows:

(a) Requires the governing body of a municipality or county, on or before the 150th day, rather than 90th day, following the end of the fiscal year of the municipality or county, to submit to the chief executive officer of each taxing unit that levies property taxes on real property in a reinvestment zone created by the municipality or county a report on the status of the zone. Requires that the report include certain information.

SECTION 17. Reenacts Section 311.016(b), Tax Code, as amended by Chapters 977 (H.B. 1820) and 1094 (H.B. 2120), Acts of the 79th Legislature, Regular Session, 2005, to require the municipality or county to send a copy of a report made under this section to the attorney general, and the comptroller of public accounts (comptroller).

SECTION 18. Amends Section 311.017(a), Tax Code, as follows:

(a) Provides that reinvestment zone terminates on the earlier of:

(1) the termination date designated in the ordinance or order, as applicable, designating the zone, rather than in the ordinance or order, as applicable creating the zone, or an earlier or later termination date designated by an ordinance or order adopted under Section 311.007(c), rather than by an ordinance or order adopted subsequent to the ordinance or order creating the zone; or

(2) the date on which all project costs, tax increment bonds and interest on those bonds, and other obligations have been paid in full.

SECTION 19. Amends Chapter 311, Tax Code, by adding Section 311.021, as follows:

Sec. 311.021. ACT OR PROCEEDING PRESUMED VALID. (a) Provides that a governmental act or proceeding of a municipality or county, the board of directors of a reinvestment zone, or an entity acting under Section 311.010(f) relating to the designation, operation, or administration of a reinvestment zone or the implementation of a project plan or reinvestment zone financing plan under this chapter is conclusively presumed, as of the date it occurred, valid and to have occurred in accordance with all applicable statutes and rules if:

- (1) the second anniversary of the effective date of the act or proceeding has expired; and
- (2) a lawsuit to annul or invalidate the act or proceeding has not been filed on or before the later of that second anniversary or August 1, 2011.

(b) Provides that this section does not apply to:

- (1) an act or proceeding that was void at the time it occurred;
- (2) an act or proceeding that, under a statute of this state or the United States, was a misdemeanor or felony at the time the act or proceeding occurred;
- (3) a rule that, at the time it was passed, was preempted by a statute of this state or the United States, including Section 1.06 (Code Exclusively Governs) or 109.57 (Application of Code; Other Jurisdictions), Alcoholic Beverage Code; or
- (4) a matter that on the effective date of the Act enacting this section:
  - (A) is involved in litigation if the litigation ultimately results in the matter being held invalid by a final judgment of a court; or
  - (B) has been held invalid by a final judgment of a court.

SECTION 20. Reenacts Section 403.302(d), Government Code, as amended by Chapters 1186 (H.B. 3676) and 1328 (H.B. 3646), Acts of the 81st Legislature, Regular Session, 2009, and amends it to redefine, for the purposes of this section, "taxable value."

SECTION 21. Amends Section 403.302(m), Government Code, as added by Chapter 1186 (H.B. 3676), Acts of the 81st Legislature, Regular Session, 2009, to conform to Section 80, Chapter 1328 (H.B. 3646), Acts of the 81st Legislature, Regular Session, 2009, to provide that Subsection (d)(9), rather than Subsection (d)(10), does not apply to property that was the subject of an application under Subchapter B or C, Chapter 313, Tax Code, made after May 1, 2009, that the comptroller recommended should be disapproved.

SECTION 22. Repealers: Sections 311.003(e) (requiring the governing body of the municipality or county, not later than the 60th day before the date of the public hearing required by Subsection (c), to notify in writing the governing body of each other taxing unit that levies real property taxes in the proposed reinvestment zone that it intends to establish the zone), (f) (authorizing a taxing unit to request additional information from the governing body of the municipality or county proposing to designate a reinvestment zone), and (g) (requiring each taxing unit that levies real property taxes in the proposed reinvestment zone, not later than the 15th day after the date on which the notice required by Subsection (e) is given, to designate a representative to meet with the governing body of the municipality or county proposing to designate a reinvestment zone to discuss the project plan and the reinvestment zone financing plan and to notify the governing body of the municipality or county of its designation), Tax Code.

Repealer: Section 311.006(c) (prohibiting a municipality from creating a reinvestment zone or change the boundaries of an existing reinvestment zone if the proposed zone or proposed boundaries of the zone contain more than 15 percent of the total appraised value of real property taxable by a county or school district), Tax Code.

Repealers: Sections 311.013(d) (providing that if the reinvestment zone is created on or after August 29, 1983, a taxing unit is not required to pay a tax increment into the tax increment fund of the zone after three years from the date the zone is created unless certain conditions exist or have been met within the three-year period) and (e) (providing that if the reinvestment zone was created before August 29, 1983, a taxing unit is not

required to pay a tax increment into the tax increment fund of the zone after September 1, 1986, unless certain conditions existed or were met before September 1, 1986), Tax Code.

SECTION 23. (a) Provides that the legislature validates and confirms all governmental acts and proceedings of a municipality or county, the board of directors of a reinvestment zone, or an entity acting under Section 311.010(f), Tax Code, that were taken before the effective date of this Act and relate to or are associated with the designation, operation, or administration of a reinvestment zone or the implementation of a project plan or reinvestment zone financing plan under Chapter 311, Tax Code, including the extension of the term of a reinvestment zone, as of the dates on which they occurred. Provides that the acts and proceedings may not be held invalid because they were not in accordance with Chapter 311, Tax Code, or other law.

(b) Provides that Subsection (a) of this section does not apply to any matter that on the 30th day after the effective date of this Act:

(1) is involved in litigation if the litigation ultimately results in the matter being held invalid by a final judgment of a court; or

(2) has been held invalid by a final judgment of a court.

SECTION 24. (a) Provides that Section 311.002(1), Tax Code, as amended by this Act, applies to all costs described by that subdivision regardless of when they were incurred.

(b) Provides that Section 311.012(c), Tax Code, as amended by this Act, applies only to the determination of the tax increment base of a taxing unit for a tax year beginning on or after the effective date of this Act, except that if the tax increment base of a taxing unit for a tax year beginning before the effective date was determined in the manner provided by Section 311.012(c), Tax Code, as amended by this Act, the determination is validated as if the amendment were in accordance with Section 311.012(c), Tax Code, as that section existed immediately before the effective date of this Act.

SECTION 25. Provides that, to the extent of any conflict, this Act prevails over another Act of the 82nd Legislature, Regular Session, 2011, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 26. Effective date: upon passage or September 1, 2011.