

TAX CODE

TITLE 3. LOCAL TAXATION

SUBTITLE B. SPECIAL PROPERTY TAX PROVISIONS

CHAPTER 312. PROPERTY REDEVELOPMENT AND TAX ABATEMENT ACT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 312.001. SHORT TITLE. This chapter may be cited as the Property Redevelopment and Tax Abatement Act.

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

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 During that period, the guidelines and criteria may be amended or repealed only by a vote of three-fourths of the members of the governing body.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.

Added by Acts 1989, 71st Leg., ch. 2, Sec. 14.07(a), eff. Aug. 28, 1989. Amended by Acts 1989, 71st Leg., ch. 1137, Sec. 1, eff. Sept. 1, 1989; Acts 1991, 72nd Leg., ch. 20, Sec. 22, eff. Aug. 26, 1991; Acts 1991, 72nd Leg., ch. 391, Sec. 26, eff. Aug. 26, 1991; Acts 1991, 72nd Leg., ch. 836, Sec. 9.2, eff. Aug. 26, 1991; Acts 1993, 73rd Leg., ch. 347, Sec. 4.13(2), eff. May 31, 1993; Acts 1997, 75th Leg., ch. 855, Sec. 9, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1333, Sec. 1, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 1029, Sec. 3, eff. June 15, 2001; Acts 2001, 77th Leg., ch. 1145, Sec. 1, eff. June 15, 2001; Acts 2003, 78th Leg., ch. 1275,

Sec. 2(124), eff. Sept. 1, 2003.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 3.093, eff. September 1, 2019.

Acts 2019, 86th Leg., R.S., Ch. 1155 (H.B. 3143), Sec. 1, eff. September 1, 2019.

Sec. 312.0021. PROHIBITION ON ABATEMENT OF TAXES ON CERTAIN PROPERTY NEAR MILITARY AVIATION FACILITY. (a) In this section:

(1) "Military aviation facility" means a base, station, fort, or camp at which fixed-wing aviation operations or training is conducted by the United States Air Force, the United States Air Force Reserve, the United States Army, the United States Army Reserve, the United States Navy, the United States Navy Reserve, the United States Marine Corps, the United States Marine Corps Reserve, the United States Coast Guard, the United States Coast Guard Reserve, or the Texas National Guard.

(2) "Wind-powered energy device" has the meaning assigned by Section 11.27.

(b) Notwithstanding any other provision of this chapter, an owner or lessee of a parcel of real property that is located wholly or partly in a reinvestment zone may not receive an exemption from taxation of any portion of the value of the parcel of real property or of tangible personal property located on the parcel of real property under a tax abatement agreement under this chapter that is entered into on or after September 1, 2017, if, on or after that date, a wind-powered energy device is installed or constructed on the same parcel of real property at a location that is within 25 nautical miles of the boundaries of a military aviation facility located in this state. The prohibition provided by this section applies regardless of whether the wind-powered energy device is installed or constructed at a location that is in the reinvestment zone.

(c) The prohibition provided by this section does not apply if the wind-powered energy device is installed or constructed as part of an expansion or repowering of an existing project.

Added by Acts 2017, 85th Leg., R.S., Ch. 444 (S.B. 277), Sec. 2,

eff. September 1, 2017.

Sec. 312.0025. DESIGNATION OF REINVESTMENT ZONE BY SCHOOL DISTRICT. (a) Notwithstanding any other provision of this chapter to the contrary, the governing body of a school district, in the manner required for official action and for purposes of former Subchapter B or C, Chapter 313, of this code or Subchapter T, Chapter 403, Government Code, may designate an area entirely within the territory of the school district as a reinvestment zone if the governing body finds that, as a result of the designation and the granting of a limitation on appraised value under former Subchapter B or C, Chapter 313, of this code or the granting of a limitation on taxable value under Subchapter T, Chapter 403, Government Code, 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 school district; and

(B) contribute to the economic development of the region of this state in which the school district is located.

(b) The governing body of the school district may seek the recommendation of the commissioners court of each county and the governing body of each municipality that has territory in the school district before designating an area as a reinvestment zone under Subsection (a).

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 4, eff. Jan. 1, 2002.

Amended by:

Acts 2023, 88th Leg., R.S., Ch. 377 (H.B. 5), Sec. 8, eff. January 1, 2024.

Sec. 312.003. CONFIDENTIALITY OF PROPRIETARY INFORMATION. Information that is provided to a taxing unit in connection with an application or request for tax abatement under this chapter and that describes the specific processes or business activities to be

conducted or the equipment or other property to be located on the property for which tax abatement is sought is confidential and not subject to public disclosure until the tax abatement agreement is executed. That information in the custody of a taxing unit after the agreement is executed is not confidential under this section. Added by Acts 1989, 71st Leg., ch. 1137, Sec. 2, eff. Sept. 1, 1989.

Sec. 312.004. TAXING UNIT WITH TAX RATE SET BY COMMISSIONERS COURT. (a) The commissioners court of a county that enters into a tax abatement agreement for the county may enter into a tax abatement agreement applicable to the same property on behalf of a taxing unit other than the county if by statute the ad valorem tax rate of the other taxing unit is approved by the commissioners court or the commissioners court is expressly required by statute to levy the ad valorem taxes of the other taxing unit. The tax abatement agreement entered into on behalf of the other taxing unit is not required to contain the same terms as the tax abatement agreement entered into on behalf of the county.

(b) This section does not apply to a taxing unit because the county tax assessor-collector is required by law to assess or collect the taxing unit's ad valorem taxes.

Added by Acts 1989, 71st Leg., ch. 1137, Sec. 3, eff. Sept. 1, 1989. Amended by Acts 1999, 76th Leg., ch. 1039, Sec. 1, eff. Sept. 1, 1999.

Sec. 312.005. STATE ADMINISTRATION. (a) The comptroller shall maintain a central registry of reinvestment zones designated under this chapter and of ad valorem tax abatement agreements executed under this chapter. The chief appraiser of each appraisal district that appraises property for a taxing unit that has designated a reinvestment zone or executed a tax abatement agreement under this chapter shall deliver to the comptroller before July 1 of the year following the year in which the zone is designated or the agreement is executed a report providing the following information:

(1) for a reinvestment zone, a general description of the zone, including its size, the types of property located in it,

its duration, and the guidelines and criteria established for the reinvestment zone under Section [312.002](#), including subsequent amendments and modifications of the guidelines or criteria;

(2) a copy of each tax abatement agreement to which a taxing unit that participates in the appraisal district is a party;

(3) the information described by Section [312.205](#)(a)(1) in connection with each tax abatement agreement described by Subdivision (2) of this subsection; and

(4) any other information required by the comptroller to administer this section.

(a-1) For each of the first three tax years following the expiration of a tax abatement agreement executed under this chapter, the chief appraiser shall deliver to the comptroller a report containing the appraised value of the property that was the subject of the agreement.

(b) The comptroller may provide assistance to a taxing unit on request of its governing body or the presiding officer of its governing body relating to the administration of this chapter. The Texas Department of Commerce and the comptroller may provide technical assistance to a local governing body regarding the designation of reinvestment zones, the adoption of tax abatement guidelines, and the execution of tax abatement agreements.

(c) Not later than December 31 of each even-numbered year, the comptroller shall submit a report to the legislature and to the governor on reinvestment zones designated under this chapter and on tax abatement agreements adopted under this chapter, including a summary of the information reported under this section.

Added by Acts 1989, 71st Leg., ch. 1137, Sec. 4, eff. Sept. 1, 1989.

Amended by Acts 1991, 72nd Leg., 2nd C.S., ch. 6, Sec. 59, eff. Sept. 1, 1991; Acts 1995, 74th Leg., ch. 995, Sec. 2, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1382, Sec. 1, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 268, Sec. 4, eff. Sept. 1, 2001; Acts 2001, 77th Leg., ch. 1029, Sec. 2, eff. June 15, 2001.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1155 (H.B. [3143](#)), Sec. 2, eff. September 1, 2019.

Acts 2021, 87th Leg., R.S., Ch. 391 (S.B. [1257](#)), Sec. 1, eff.

September 1, 2021.

Sec. 312.006. EXPIRATION DATE. If not continued in effect, this chapter expires September 1, 2029.

Added by Acts 1989, 71st Leg., ch. 1137, Sec. 5, eff. Sept. 1, 1989.

Amended by Acts 1991, 72nd Leg., 1st C.S., ch. 17, Sec. 2.16, eff. Nov. 12, 1991; Acts 1995, 74th Leg., ch. 995, Sec. 4, eff. Aug. 31, 1995; Acts 2001, 77th Leg., ch. 1029, Sec. 1, eff. June 15, 2001; Acts 2001, 77th Leg., ch. 1505, Sec. 5, eff. Sept. 1, 2001.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 610 (H.B. [773](#)), Sec. 1, eff. June 19, 2009.

Acts 2019, 86th Leg., R.S., Ch. 1155 (H.B. [3143](#)), Sec. 3, eff. September 1, 2019.

Sec. 312.007. DEFERRAL OF COMMENCEMENT OF ABATEMENT PERIOD.

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

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

Added by Acts 2009, 81st Leg., R.S., Ch. 1195 (H.B. [3896](#)), Sec. 2, eff. June 19, 2009.

Added by Acts 2009, 81st Leg., R.S., Ch. 1225 (S.B. [1458](#)), Sec. 2, eff. June 19, 2009.

Sec. 312.008. INTERNET LINK TO AGREEMENT. A taxing unit that maintains an Internet website and that executes a tax abatement agreement under this chapter shall provide on the website a direct link to the location of the agreement information published on the comptroller's Internet website under Section [403.0246](#), Government Code.

Added by Acts 2023, 88th Leg., R.S., Ch. 354 (S.B. [1340](#)), Sec. 3, eff. January 1, 2024.

SUBCHAPTER B. TAX ABATEMENT IN MUNICIPAL REINVESTMENT ZONE

Sec. 312.201. DESIGNATION OF REINVESTMENT ZONE. (a) The governing body of a municipality by ordinance may designate as a reinvestment zone an area, or real or personal property the use of which is directly related to outdoor advertising, in the taxing jurisdiction or extraterritorial jurisdiction of the municipality that the governing body finds satisfies the requirements of Section [312.202](#).

(b) The ordinance must describe the boundaries of the zone and the eligibility of the zone for residential tax abatement or commercial-industrial tax abatement or tax increment financing as provided for in Chapter [311](#).

(c) Area of a reinvestment zone designated for residential tax abatement or commercial-industrial tax abatement may be included in an overlapping or coincidental residential or commercial-industrial zone. In that event, the zone in which the property is considered to be located for purposes of executing an agreement under Section [312.204](#) or [312.211](#) is determined by the comprehensive zoning ordinance, if any, of the municipality.

(d) The governing body 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 Section [312.204](#) or [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:

(1) published in a newspaper having general circulation in the municipality; and

(2) 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.

(e) A notice made under Subsection (d)(2) is presumed delivered when placed in the mail postage paid and properly addressed to the appropriate presiding officer. A notice properly addressed and sent by registered or certified mail for which a return receipt is received by the sender is considered to have been delivered to the addressee.

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

Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.08(a), eff. Aug. 28, 1989; Acts 1997, 75th Leg., ch. 855, Sec. 10, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1333, Sec. 2, eff. Sept. 1, 1997.

Sec. 312.2011. ENTERPRISE ZONE. Designation of an area as an enterprise zone under Chapter 2303, Government Code constitutes designation of the area as a reinvestment zone under this subchapter without further hearing or other procedural requirements other than those provided by Chapter 2303, Government Code.

Added by Acts 1989, 71st Leg., ch. 1106, Sec. 28, eff. Aug. 28, 1989. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.95(22), eff. Sept. 1, 1995.

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. 312.203. EXPIRATION OF REINVESTMENT ZONE. The designation of a reinvestment zone for residential or commercial-industrial tax abatement expires five years after the date of the designation and may be renewed for periods not to exceed five years, except that a reinvestment zone that is a state enterprise zone is designated for the same period as a state enterprise zone as provided by Chapter 2303, Government Code. The expiration of the designation does not affect an existing tax abatement agreement made under this subchapter.

Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.
Amended by Acts 1995, 74th Leg., ch. 985, Sec. 12, eff. Sept. 1, 1995.

Sec. 312.204. MUNICIPAL TAX ABATEMENT AGREEMENT. (a) The governing body of a municipality eligible to enter into tax abatement agreements under Section 312.002 may agree in writing with the owner of taxable real property that is located in a reinvestment zone, but that is not in an improvement project financed by tax increment bonds, to exempt from taxation a portion of the value of the real property or of tangible personal property located on the real property, or both, for a period not to exceed 10 years, on the condition that the owner of the property make specific improvements or repairs to the property. The governing body of an eligible municipality may agree in writing with the owner of a leasehold interest in tax-exempt real property that is located in a reinvestment zone, but that is not in an improvement project

financed by tax increment bonds, to exempt a portion of the value of property subject to ad valorem taxation, including the leasehold interest, improvements, or tangible personal property located on the real property, for a period not to exceed 10 years, on the condition that the owner of the leasehold interest make specific improvements or repairs to the real property. A tax abatement agreement under this section is subject to the rights of holders of outstanding bonds of the municipality. An agreement exempting taxable real property or leasehold interests or improvements on tax-exempt real property may provide for the exemption of such taxable interests in each year covered by the agreement only to the extent its value for that year exceeds its value for the year in which the agreement is executed. An agreement exempting tangible personal property located on taxable or tax-exempt real property may provide for the exemption of tangible personal property located on the real property in each year covered by the agreement other than tangible personal property that was located on the real property at any time before the period covered by the agreement with the municipality, including inventory and supplies. In a municipality that has a comprehensive zoning ordinance, an improvement, repair, development, or redevelopment taking place under an agreement under this section must conform to the comprehensive zoning ordinance.

(b) The agreements made with the owners of property in a reinvestment zone must contain identical terms for the portion of the value of the property that is to be exempt and the duration of the exemption. For purposes of this subsection, if agreements made with the owners of property in a reinvestment zone before September 1, 1989, exceed 10 years in duration, agreements made with owners of property in the zone on or after that date must have a duration of 10 years.

(c) The property subject to an agreement made under this section may be located in the extraterritorial jurisdiction of the municipality. In that event, the agreement applies to taxes of the municipality if the municipality annexes the property during the period specified in the agreement.

(d) Except as otherwise provided by this subsection,

property that is in a reinvestment zone and that is owned or leased by a person who is a member of the governing body of the municipality or a member of a zoning or planning board or commission of the municipality is excluded from property tax abatement or tax increment financing. Property that is subject to a tax abatement agreement in effect when the person becomes a member of the governing body or of the zoning or planning board or commission does not cease to be eligible for property tax abatement under that agreement because of the person's membership on the governing body, board, or commission. Property that is subject to tax increment financing when the person becomes a member of the governing body or of the zoning or planning board or commission does not become ineligible for tax increment financing in the same reinvestment zone because of the person's membership on the governing body, board, or commission.

(e) The governing body of a municipality eligible to enter into tax abatement agreements under Section [312.002](#) may agree in writing with the owner or lessee of real property that is located in a reinvestment zone to exempt from taxation for a period not to exceed 10 years a portion of the value of the real property or of personal property, or both, located within the zone and owned or leased by a certificated air carrier, on the condition that the certificated air carrier make specific real property improvements or lease for a term of 10 years or more real property improvements located within the reinvestment zone. An agreement may provide for the exemption of the real property in each year covered by the agreement to the extent its value for that year exceeds its value for the year in which the agreement is executed. An agreement may provide for the exemption of the personal property owned or leased by a certificated air carrier located within the reinvestment zone in each year covered by the agreement other than specific personal property that was located within the reinvestment zone at any time before the period covered by the agreement with the municipality.

(f) The agreements made with owners of property in an enterprise zone that is also designated as a reinvestment zone are not required to contain identical terms for the portion of the value of property that is to be exempt and the duration of the agreement.

(g) Notwithstanding the other provisions of this chapter, the governing body of a municipality eligible to enter into tax abatement agreements under Section 312.002 may agree in writing with the owner of real property that is located in a reinvestment zone to exempt from taxation for a period not to exceed five years a portion of the value of the real property or of tangible personal property located on the real property, or both, that is used to provide housing for military personnel employed at a military facility located in or near the municipality. An agreement may provide for the exemption of the real property in each year covered by the agreement only to the extent its value for that year exceeds its value for the year in which the agreement is executed. An agreement may provide for the exemption of tangible personal property located on the real property in each year covered by the agreement other than tangible personal property that was located on the real property at any time before the period covered by the agreement with the municipality and other than inventory or supplies. The governing body of the municipality may adopt guidelines and criteria for tax abatement agreements entered into under this subsection that are different from the guidelines and criteria that apply to tax abatement agreements entered into under another provision of this section. Tax abatement agreements entered into under this subsection are not required to contain identical terms for the portion of the value of the property that is to be exempt or for the duration of the exemption as tax abatement agreements entered into with the owners of property in the reinvestment zone under another provision of this section.

(h) 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 governing body of a municipality 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. 14.10(a), eff. Aug. 28, 1989; Acts 1989, 71st Leg., ch. 486, Sec. 1, eff. June 14, 1989;

Acts 1989, 71st Leg., ch. 1137, Sec. 6, 7, eff. Sept. 1, 1989; Acts 1995, 74th Leg., ch. 985, Sec. 13, eff. Sept. 1, 1995; Acts 2001, 77th Leg., ch. 560, Sec. 1, eff. Sept. 1, 2001; Acts 2001, 77th Leg., ch. 640, Sec. 1, eff. June 13, 2001; Acts 2001, 77th Leg., ch. 765, Sec. 2, eff. Sept. 1, 2001; Acts 2001, 77th Leg., ch. 1016, Sec. 1, eff. Sept. 1, 2001; Acts 2001, 77th Leg., ch. 1258, Sec. 1, eff. June 15, 2001; Acts 2003, 78th Leg., ch. 149, Sec. 18, eff. May 27, 2003; Acts 2003, 78th Leg., ch. 978, Sec. 5, eff. Sept. 1, 2003. Amended by:

Acts 2005, 79th Leg., Ch. 412 (S.B. [1652](#)), Sec. 16, eff. September 1, 2005.

Acts 2005, 79th Leg., Ch. 728 (H.B. [2018](#)), Sec. 23.001(82), eff. September 1, 2005.

Sec. 312.2041. NOTICE OF TAX ABATEMENT AGREEMENT TO OTHER TAXING UNITS. (a) Not later than the seventh day before the date on which a municipality enters into an agreement under Section [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.

(b) A notice is presumed delivered when placed in the mail postage paid and properly addressed to the appropriate presiding officer. A notice properly addressed and sent by registered or certified mail for which a return receipt is received by the sender is considered to have been delivered to the addressee.

(c) Failure to deliver the notice does not affect the validity of the agreement.

Added by Acts 1989, 71st Leg., ch. 2, Sec. 14.11(a), eff. Aug. 28, 1989. Amended by Acts 1989, 71st Leg., ch. 1137, Sec. 8, eff. Sept. 1, 1989; Acts 1997, 75th Leg., ch. 855, Sec. 11, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1333, Sec. 3, eff. Sept. 1, 1997.

Sec. 312.205. SPECIFIC TERMS OF TAX ABATEMENT AGREEMENT.

(a) An agreement made under Section [312.204](#) or [312.211](#) must:

(1) list the kind, number, and location of all proposed improvements of the property;

(2) provide access to and authorize inspection of the property by municipal employees to ensure that the improvements or repairs are made according to the specifications and conditions of the agreement;

(3) limit the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect;

(4) provide for recapturing property tax revenue lost as a result of the agreement if the owner of the property fails to make the improvements or repairs as provided by the agreement;

(5) contain each term agreed to by the owner of the property;

(6) require the owner of the property to certify annually to the governing body of each taxing unit that the owner is in compliance with each applicable term of the agreement; and

(7) provide that the governing body of the municipality may cancel or modify the agreement if the property owner fails to comply with the agreement.

(b) An agreement made under Section [312.204](#) or [312.211](#) may include, at the option of the governing body of the municipality, provisions for:

(1) improvements or repairs by the municipality to streets, sidewalks, and utility services or facilities associated with the property, except that the agreement may not provide for lower charges or rates than are made for other services or properties of a similar character;

(2) an economic feasibility study, including a detailed list of estimated improvement costs, a description of the methods of financing all estimated costs, and the time when related costs or monetary obligations are to be incurred;

(3) a map showing existing uses and conditions of real property in the reinvestment zone;

(4) a map showing proposed improvements and uses in the reinvestment zone;

(5) proposed changes of zoning ordinances, the master plan, the map, building codes, and city ordinances; and

(6) the recapture of all or a portion of property tax revenue lost as a result of the agreement if the owner of the property fails to create all or a portion of the number of new jobs provided by the agreement, if the appraised value of the property subject to the agreement does not attain a value specified in the agreement, or if the owner fails to meet any other performance criteria provided by the agreement, and payment of a penalty or interest, or both, on that recaptured property tax revenue.

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

Amended by Acts 1995, 74th Leg., ch. 995, Sec. 3, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 855, Sec. 12, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1333, Sec. 4, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 740, Sec. 1, eff. June 13, 2001.

Sec. 312.206. TAX ABATEMENT BY OTHER TAXING UNITS. (a) If property taxes on property located in the taxing jurisdiction of a municipality are abated under an agreement made under Section [312.204](#) or [312.211](#), the governing body of each other taxing unit eligible to enter into tax abatement agreements under Section [312.002](#) in which the property is located may execute a written tax abatement 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 Sections [312.204](#), [312.205](#), and [312.211](#) applicable to a municipality. If the governing body of the taxing unit by official action at any time before the execution of the municipal agreement expresses an intent to be bound by the terms of the municipal agreement if the municipality enters into an agreement under Section [312.204](#) or [312.211](#) with the owner relating to the property, the terms of the municipal agreement regarding the share of the property to be exempt in each year of the municipal agreement apply to the taxation of the property by the taxing unit.

(b) If property taxes on property located in the taxing jurisdiction of a municipality are abated under an agreement made

by the municipality before September 1, 1989, the terms of the agreement with the municipality regarding the share of the property that is to be exempt in each year of the agreement apply to the taxation of the property by every other taxing unit, other than a county or school district, in which the property is located. If the agreement was made before September 1, 1987, the terms regarding the share of the property to be exempt in each year of the agreement also apply to the taxation of the property by a county or school district.

(c) If the governing body of a municipality designates a reinvestment zone that includes property in the extraterritorial jurisdiction of the municipality, the governing body of a taxing unit eligible to enter into tax abatement agreements under Section [312.002](#) in which the property is located may execute a written agreement with the owner of the property to exempt from its property taxes all or part of the value of the property in the same manner and subject to the same restrictions as provided by Section [312.204](#) or [312.211](#) for a municipality. The taxing unit may execute an agreement even if the municipality does not execute an agreement for the property, and the terms of the agreement are not required to be identical to the terms of a municipal agreement. However, if the governing body of another eligible taxing unit has previously executed an agreement to exempt all or part of the value of the property and that agreement is still in effect, the terms of the subsequent agreement relating to the share of the property that is to be exempt in each year that the existing agreement remains in effect must be identical to those of the existing agreement.

(d) If property taxes are abated on property in the extraterritorial jurisdiction of a municipality due to an agreement with a county or school district made before September 1, 1989, the terms of the agreement with the county or school district relating to the share of the property that is to be exempt in each year of the agreement apply to the taxation of the property by every other taxing unit, other than a municipality, school district, or county, in which the property is located.

(e) If property taxes on property located in an enterprise zone are abated under this chapter, the governing body of each

taxing jurisdiction may execute a written agreement with the owner of the property not later than the 90th day after the date the municipal or county agreement is executed, whichever is later. The agreement may, but is not required to, contain terms that are identical to those contained in the agreement with the municipality, county, or both, whichever applies, and the only terms of the agreement that may vary are the portion of the property that is to be exempt from taxation under the agreement and the duration of the agreement.

Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.10(b), eff. Aug. 28, 1989; Acts 1989, 71st Leg., ch. 1137, Sec. 9, eff. Sept. 1, 1989; Acts 1995, 74th Leg., ch. 985, Sec. 14, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 855, Sec. 13, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1333, Sec. 5, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1039, Sec. 2, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 765, Sec. 1, eff. Sept. 1, 2001.

Sec. 312.207. APPROVAL BY GOVERNING BODY. (a) To be effective, an agreement made under this subchapter 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.

(b) 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.

(c) 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.

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

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

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1155 (H.B. 3143), Sec. 4, eff. September 1, 2019.

Sec. 312.208. MODIFICATION OR TERMINATION OF AGREEMENT.

(a) At any time before the expiration of an agreement made under this subchapter, the agreement may be modified by the parties to the agreement to include other provisions that could have been included in the original agreement or to delete provisions that were not necessary to the original agreement. The modification must be made by the same procedure by which the original agreement was approved and executed. The original agreement may not be modified to extend beyond 10 years from the date of the original agreement.

(b) An agreement made under this subchapter may be terminated by the mutual consent of the parties in the same manner that the agreement was approved and executed.

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

Amended by Acts 1989, 71st Leg., ch. 1137, Sec. 10, eff. Sept. 1, 1989.

Sec. 312.209. APPLICATION OF NONSEVERABILITY PROVISION.

Section 2, Article 5, Chapter 221, Acts of the 69th Legislature, Regular Session, 1985, applies to the provisions of this subchapter that are derived from amendments to the Property Redevelopment and Tax Abatement Act made by Chapter 221, Acts of the 69th Legislature, Regular Session, 1985.

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

Sec. 312.210. AGREEMENT BY TAXING UNITS RELATING TO PROPERTY IN CERTAIN SCHOOL DISTRICTS. (a) This section applies only to a tax abatement agreement applicable to property located in a reinvestment zone with respect to which a municipality, county,

and junior college district have entered into a joint agreement to offer tax abatements exempting from taxation a specified portion of the value of the property in the reinvestment zone.

(b) A tax abatement agreement with the owner of real property or tangible personal property that is located in the reinvestment zone described by Subsection (a) and in a school district that has a local revenue level that does not exceed the level established under Section 48.257, Education Code, must exempt from taxation:

(1) the portion of the value of the property in the amount specified in the joint agreement among the municipality, county, and junior college district; and

(2) an amount equal to 10 percent of the maximum portion of the value of the property that may under Section 312.204(a) be otherwise exempted from taxation.

(c) Repealed by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 4.001(c)(2), eff. September 1, 2019.

Added by Acts 1995, 74th Leg., ch. 1053, Sec. 1, eff. June 17, 1995.

Amended by Acts 1997, 75th Leg., ch. 165, Sec. 6.84, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 640, Sec. 2, eff. June 13, 2001.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 3.094, eff. September 1, 2019.

Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 4.001(c)(2), eff. September 1, 2019.

Acts 2021, 87th Leg., R.S., Ch. 915 (H.B. 3607), Sec. 19.004, eff. September 1, 2021.

Sec. 312.211. AGREEMENT BY MUNICIPALITY RELATING TO PROPERTY SUBJECT TO VOLUNTARY CLEANUP AGREEMENT. (a) This section applies only to:

(1) real property:

(A) that is located in a reinvestment zone;

(B) that is not in an improvement project financed by tax increment bonds; and

(C) that is the subject of a voluntary cleanup agreement under Section 361.606, Health and Safety Code; and

(2) tangible personal property located on the real property.

(b) The governing body of a municipality eligible to enter into a tax abatement agreement under Section 312.002 may agree in writing with the owner of property described by Subsection (a) to exempt from taxation a portion of the value of the property for a period not to exceed four years. The agreement takes effect on January 1 of the next tax year after the date the owner receives a certificate of completion for the property under Section 361.609, Health and Safety Code. The agreement may exempt from taxation:

(1) not more than 100 percent of the value of the property in the first year covered by the agreement;

(2) not more than 75 percent of the value of the property in the second year covered by the agreement;

(3) not more than 50 percent of the value of the property in the third year covered by the agreement; and

(4) not more than 25 percent of the value of the property in the fourth year covered by the agreement.

(c) A property owner may not receive a tax abatement under this section for the first tax year covered by the agreement unless the property owner includes with the application for an exemption under Section 11.28 filed with the chief appraiser of the appraisal district in which the property has situs a copy of the certificate of completion for the property.

(d) A property owner who files a copy of the certificate of completion for property for the first tax year covered by the agreement is not required to refile the certificate in a subsequent tax year to receive a tax abatement under this section for the property for that tax year.

(e) The chief appraiser shall accept a certificate of completion filed under Subsection (c) as conclusive evidence of the facts stated in the certificate.

(f) The governing body of the municipality may cancel or modify the agreement if:

(1) the use of the land is changed from the use specified in the certificate of completion; and

(2) the governing body determines that the new use may

result in an increased risk to human health or the environment.

(g) A municipality may enter into a tax abatement agreement covering property described by Subsection (a) under this section or under Section 312.204, but not under both sections. Section 312.204 applies to an agreement entered into under this section except as otherwise provided by this section.

(h) A school district may not enter into a tax abatement agreement under this section.

Added by Acts 1997, 75th Leg., ch. 855, Sec. 8, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1333, Sec. 6, eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 483, Sec. 6, eff. Sept. 1, 2001.

SUBCHAPTER C. TAX ABATEMENT IN COUNTY REINVESTMENT ZONE

Sec. 312.401. DESIGNATION OF REINVESTMENT ZONE. (a) The commissioners court of a county eligible to do so under Section 312.002 by order may designate as a reinvestment zone an area of the county that does not include area in the taxing jurisdiction of a municipality.

(b) 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 Section 312.201.

(c) The designation of a reinvestment zone under this section expires five years after the date of the designation and may be renewed for periods not to exceed five years. The expiration of the designation does not affect existing agreements made under this subchapter.

(d) Property may be located both in a reinvestment zone designated by a county under this subchapter and in a reinvestment

zone designated by a municipality under Subchapter B.

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(a), eff. Aug. 28, 1989.

Sec. 312.4011. ENTERPRISE ZONE. Designation of an area as an enterprise zone under Chapter 2303, Government Code constitutes designation of the area as a reinvestment zone under this subchapter without further hearing or other procedural requirements other than those provided by Chapter 2303, Government Code.

Added by Acts 1989, 71st Leg., ch. 1106, Sec. 30, eff. Aug. 28, 1989. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.95(22), eff. Sept. 1, 1995.

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, 1989; Acts 1989, 71st Leg., ch. 1137, Sec. 11, eff. Sept. 1, 1989; Acts 1997, 75th Leg., ch. 855, Sec. 14, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1333, Sec. 7, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 640, Sec. 3, eff. June 13, 2001; Acts 2001, 77th Leg., ch. 1016, Sec. 2, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 978, Sec. 6, eff. Sept. 1, 2003.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1195 (H.B. [3896](#)), Sec. 3, eff. June 19, 2009.

Acts 2009, 81st Leg., R.S., Ch. 1225 (S.B. [1458](#)), Sec. 3, eff. June 19, 2009.

Sec. 312.403. TAX ABATEMENT AGREEMENT FOR NUCLEAR ELECTRIC POWER GENERATION FACILITY IN COUNTY REINVESTMENT ZONE. (a) In this section, "nuclear electric power generation" means activities described in category 221113 of the 2002 North American Industry Classification System.

(b) An agreement made under this subchapter with the owner of property that is a nuclear electric power generation facility

may include a provision that defers the effective date of the agreement to a later date agreed to by the taxing unit and the owner of the property, but not later than the seventh anniversary of the date the agreement is made.

(c) If the effective date of an agreement is deferred under Subsection (b), the agreement may have a term ending not later than 10 years after the effective date of the agreement, notwithstanding Sections [312.204](#) and [312.208](#).

Added by Acts 2007, 80th Leg., R.S., Ch. 1262 (H.B. [2994](#)), Sec. 1, eff. June 15, 2007.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 204 (H.B. [1620](#)), Sec. 19.002(c), eff. September 1, 2025.

Sec. 312.404. APPROVAL BY GOVERNING BODY. To be effective, an agreement made under this subchapter 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 Section [312.207](#).

Added by Acts 2019, 86th Leg., R.S., Ch. 1155 (H.B. [3143](#)), Sec. 5, eff. September 1, 2019.