

BILL ANALYSIS

Senate Research Center
77R3996 JMG-D

S.B. 274
By: Van de Putte
Intergovernmental Relations
1/31/2001
As Filed

DIGEST AND PURPOSE

Under current law, hospital districts are arguably allowed to divert ad valorem tax revenues for non-health care purposes by the broad definition of "taxing unit" in the Tax Increment Financing Act, in contradiction to the specific powers granted to hospital districts in article IX of the Texas Constitution and the enabling legislation. As proposed, S.B. 274 prohibits the participation by hospital districts established under Chapter 281, Health and Safety Code, in tax increment funding agreements in order to ensure that hospital district ad valorem tax revenues are only used in support of the hospital districts' public health, medical and hospital mission, under constitutional authority.

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 281.051, Health and Safety Code, by adding Subsection (d), as follows:

(d) Prohibits the board from entering into a contract or agreement to pay into a tax increment fund any of the district's tax increment produced from property located in a reinvestment zone designated under Section 311.005(a) (Criteria for a Reinvestment Zone), Tax Code, or in an area added to a reinvestment zone under Section 311.007 (Changing Boundaries of Existing Zone), Tax Code.

SECTION 2. Amends section 281.121, Health and Safety Code, to redesignate existing Subsection (d) as Subsection (e) and add a new Subsection (d), as follows:

(d) Prohibits the proceeds of the tax from being used to pay into or otherwise participate in a tax increment fund established under Chapter 311 (Tax Increment Financing Act) Tax Code, if that payment or participation is prohibited by Chapter 311, Tax Code.

(e) Requires the county tax assessor-collector to collect the tax.

SECTION 3. Amends Section 311.002(4), Tax Code, to redefine "taxing unit."

SECTION 4. Amends Section 311.011, Tax Code, to amend Subsection (c), add a new Subsection (f), and redesignate existing Subsections (f) and (g) as Subsections (g) and (h), respectively, as follows:

(c) Prohibits a project plan or reinvestment zone financing plan approved under this section on or after September 1, 2001, from including a tax increment or any other funds derived from a hospital district established under Chapter 281 (Hospital Districts in Counties of at Least 190,000), Health and Safety Code, as a source of revenue to finance or pay project costs.

(f) Prohibits a project plan or reinvestment zone financing plan approved before September 1, 2001, from being amended on or after September 1, 2001, to:

(1) increase the percentage of a tax increment to be contributed by a hospital district established under Chapter 281, Health and Safety Code, to a tax increment fund;

(2) increase the duration of time a hospital district established under Chapter 281, Health and Safety Code, is to contribute to a tax increment fund;

(3) allow a hospital district established under Chapter 281, Health and Safety Code, that was not included in the originally approved project plan or reinvestment zone financing plan to contribute to a tax increment or any other funds to a tax increment fund; or

(4) allow a hospital district established under Chapter 281, Health and Safety Code, to pay into a tax increment fund any additional tax increment or funds derived from property added to the reinvestment zone under this section or Section 311.007 or after September 1, 2001.

(g) Redesignates existing Subsection (f) as Subsection (g).

(h) Redesignates existing Subsection (g) as Subsection (h).

SECTION 5. Amends Section 311.013(f), Tax Code, to prohibit a hospital district established under Chapter 281, Health and Safety Code, from entering into an agreement under this subsection. Prohibits an agreement entered by such a hospital district under this subsection before September 1, 2001, from being amended on or after September 1, 2001, to include any of the conditions prohibited by Section 311.011(f).

SECTION 6. Makes the application of this Act prospective.

SECTION 7. Effective date: September 1, 2001.