

## **BILL ANALYSIS**

Senate Research Center  
81R7879 SMH-F

H.B. 3222  
By: Hancock (West)  
Economic Development  
5/21/2009  
Engrossed

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

Tax increment financing (TIF) zones use anticipated future gains in tax collections to finance current infrastructure improvements. When a public improvement project is carried out, it often attracts private development which, in turn, generates an increase in the value of surrounding real estate and new investment. This increased, or incremental, value generates increased tax revenues. The incremental revenue is then dedicated to finance the debt issued to pay for the initial improvement project.

Under current law, a municipality can create a TIF zone to finance a redevelopment project in a distressed or underdeveloped area but cannot jointly create a TIF zone. In certain situations, a road or highway might be split between two cities with half an intersection located in each city. Desired improvements would require each city to create a TIF zone independently. If both cities do not create a TIF zone, the improvement projects might never occur.

This bill authorizes multiple cities with contiguous borders to jointly create and financially participate in a TIF zone.

H.B. 3222 amends current law relating to the authority of two or more municipalities to designate a joint tax increment financing reinvestment zone.

### **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 Chapter 311, Tax Code, by adding Section 311.0035, as follows:

Sec. 311.0035. PROCEDURE FOR DESIGNATING JOINT REINVESTMENT ZONE.

(a) Authorizes the governing bodies of two or more municipalities by ordinance adopted by each municipality to designate a contiguous area in the jurisdiction of each of the municipalities to be a joint reinvestment zone (zone). Requires each of the municipalities to follow the procedures provided by Section 311.003 (Procedure for Creating Reinvestment Zone) to designate an area as a zone, except as otherwise provided by this section. Requires that the ordinances adopted by all the municipalities designating an area as a zone contain the same terms and describe the boundaries of the zone with sufficient definiteness to identify with ordinary and reasonable certainty the territory of the zone; create a board of directors for the zone and specify certain criteria; provide that the zone takes effect immediately on adoption of the ordinance by the last of the municipalities in the jurisdiction of which the area contained in the zone is located; provide a termination date for the zone; assign a name to the zone for identification purposes, which may include the name of one or more of the designating municipalities and may contain a number; establish a tax increment fund for the zone; and contain certain findings.

(b) Provides that, for the purposes of complying with Subsection (a)(7)(A) (relating to ordinances for a zone containing findings that improvements in the zone will enhance the value of all taxable real property and be of general benefit),

the ordinances are not required to identify the specific parcels of real property to be enhanced in value.

(c) Provides that the restrictions applicable to other reinvestment zones under Section 311.006 (Restrictions on Composition of Reinvestment Zone) apply to a zone designated under this section.

(d) Authorizes the boundaries of a zone to be enlarged or reduced by ordinance of the governing bodies of the municipalities that designated the zone, subject to the restrictions contained in this section.

(e) Authorizes the municipalities designating a to exercise any power necessary and convenient to carry out this section and other provisions of this chapter, including the powers listed in Section 311.008 (Powers of Municipality or County).

(f) Provides that, except as otherwise provided by this section, the board of directors of a zone has the same powers and duties and is subject to the same limitations as the board of directors of a reinvestment zone designated by a single municipality. Provides that Sections 311.011 (Project and Financing Plans), 311.012 (Determination of Amount of Tax Increment), 311.0123 (Sales Tax Increment), 311.013 (Collection and Deposit of Tax Increments), 311.014 (Tax Increment Fund), 311.015 (Tax Increment Bonds and Notes), 311.016 (Annual Report by Municipality or County), 311.0163 (Annual Report by Comptroller), and 311.018 (Conflicts with Municipal Charter), apply to the municipalities designating a zone, except that a reference in those sections to a municipality means all of the municipalities designating a zone and an action required of a municipality under those sections is considered to be required of all of the municipalities designating a zone.

(g) Authorizes expenditures from tax increment financing funds or bonds secured by tax increment financing to be made without regard to the location from which the funds were derived or the location within the zone at which the funds are spent, but only if those expenditures are authorized as required by this chapter.

SECTION 2. Effective date: upon passage or September 1, 2009.