

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 313  
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Economic Development  
3/24/2009  
Committee Report (Substituted)

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

Chapter 311 of the Texas Tax Code authorizes tax increment financing as a tool that local governments can use to publicly finance needed improvements and infrastructure within a defined zone.

The Tax Code currently authorizes a city or county to designate by ordinance or order, as applicable, the termination date of the reinvestment zone it creates, but is silent as to whether a city or county may extend the termination date once the zone is created. Attorney General Opinion GA-0276 found that a home-rule city may not act to extend a reinvestment zone's termination date beyond the date provided in the ordinance designating the zone.

C.S.S.B. 313 grants cities and counties authority to extend the termination date of a reinvestment zone created under the Tax Increment Financing Act. C.S.S.B. 313 also provides that the amount of a taxing unit's tax increment for a year is the amount of property taxes assessed and levied, rather than levied and collected, by the unit for that year.

### **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 311.012(a), Tax Code, to provide that the amount of a taxing unit's tax increment for a year is the amount of property taxes assessed and levied, rather than levied and collected, by the unit for that year on the captured appraised value of real property taxable by the unit and located in a reinvestment zone.

SECTION 2. Amends Sections 311.013(c) and (i), Tax Code, as follows:

- (c) Requires a taxing unit, notwithstanding any termination of the reinvestment zone under Section 311.017(a), to make a payment required by Subsection (b) (relating to requiring each taxing unit to pay into the tax increment fund for the zone equal to the tax increment produced by the unit less the sum of certain amounts) not later than the 90th day after the delinquency date for the unit's property taxes.
- (i) Provides that a taxing unit, notwithstanding Subsection (c) and Section 311.012(a), is not required to pay into a tax increment fund the applicable portion of a tax increment attributable to delinquent taxes until those taxes are collected.

SECTION 3. Amends Section 311.017, Tax Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

- (a) Provides that a reinvestment zone terminates on the earlier of the termination date designated in the ordinance or order, as applicable, creating the zone or an earlier or later termination date, rather than an earlier termination date, designated by an ordinance or order adopted subsequent to the ordinance or order creating the zone.
- (a-1) Provides that, notwithstanding the designation of a later termination date under Subsection (a), a taxing unit that taxes real property located in the reinvestment zone,

other than the municipality or county that created the zone, is not required to pay any of its tax increment into the tax increment fund for the zone after the termination date designated in the ordinance or order creating the zone unless the governing body of the taxing unit enters into an agreement to do so with the governing body of the municipality or county that created the zone.

SECTION 4. (a) Provides that the legislature validates and confirms all governmental acts and proceedings of a municipality or county that were taken before the effective date of this Act and relate to or are associated with the extension of the term of a reinvestment zone created by the municipality or county under Chapter 311 (Tax Increment Financing Act), Tax Code, as of the dates on which they occurred. Prohibits the acts and proceedings from being held invalid because they were not in accordance with Chapter 311, Tax Code, or other law.

(b) Subsection (a) of this section does not apply to any matter that on the effective date of this Act is involved in litigation if the litigation ultimately results in the matter being held invalid by a final judgment of a court, or has been held invalid by a final judgment of a court.

SECTION 5. Makes application of this Act prospective.

SECTION 6. Effective date: upon passage or September 1, 2009.