

BILL ANALYSIS

Senate Research Center
82R23763 ALL-D

H.B. 3275
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Economic Development
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

One of the more effective and frequently used tools of economic development available to local governments is tax increment financing, which is used to finance public infrastructure improvements within a specified geographic area. Tax increment financing is not a tax abatement, nor a partial or total tax exemption, nor a new tax. H.B. 3275 seeks to address certain issues with regard to the operation and governance of tax increment financing reinvestment zones.

H.B. 3275 makes four changes to the Tax Code. First, the code is amended to say that if a taxing jurisdiction has approved a payment to the tax increment fund, that taxing jurisdiction is entitled to appoint a member of the board.

Second, it makes it possible for conservation and reclamation districts to have some flexibility in who it appoints to the board of the tax increment reinvestment zones in which it participates.

Third, Section 311.013, Tax Code is amended to add the word "county" which was not included by mistake in a prior session's amendments. Currently, cities and counties may initiate tax increment reinvestment zones but the word county was left out of this section of the chapter.

Finally, the time period in which the city must provide reports or audits for the year is extended. Current law is 90 days and the bill grants 150 days for cities to get the reports completed and distributed to the participating taxing jurisdictions.

H.B. 3275 amends current law relating to the operation and governance of tax increment financing reinvestment zones.

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 311.009(a), Tax Code, to authorize each taxing unit other than the municipality or county that 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.

SECTION 2. Amends Section 311.0091, Tax Code, by amending Subsection (f) and adding Subsection (i), as follows:

(f) Requires individuals to be eligible for appointment to the board, except as provided by Subsection (i), 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 (General Provisions), Texas Constitution; and

(2) the jurisdiction of which covers four counties.

SECTION 3. Amends Section 311.013(1), Tax Code, as follows:

(1) 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 to pay into the tax increment fund for the zone an amount equal to the tax increment produced by the unit, less certain sums).

SECTION 4. Amends Section 311.016(a), Tax Code, to require the governing body of a municipality or county, on or before the 150th day, rather than the 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.

SECTION 5. Effective date: September 1, 2011.