

BILL ANALYSIS

Senate Research Center
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H.B. 990
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Economic Development
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 990 is a local bill that resolves concerns raised by Travis County regarding current law, and more specifically H.B. 525, as enacted by the 79th Legislature. H.B. 525 created a Homestead Preservation District in East Austin to mitigate the effects of rising property taxes.

The City of Austin and Travis County currently can create and enter into a tax increment financing zone (TIF zone), which is a funding mechanism that designates a percentage of the yearly increase in taxable property value towards a specified use, in this case affordable housing. Under current law, the city and county must participate at an equal dollar amount in the TIF zone.

This bill states that Travis County and the City of Austin will participate at an equal percentage in the TIF zone, compensating for the 20 percent homestead exemption and the different tax rate for Travis County.

H.B. 990 also specifies that the city and county shall each appoint an equal number of members to the board to be no less than six and not to exceed 16. These changes will allow the county to move forward to consider participation in the TIF zone.

H.B. 990 amends current law relating to certain homestead preservation 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 373A.1522, Local Government Code, as follows:

Sec. 373A.1522. EFFECTIVE DATE OF ZONE. Provides that the homestead preservation zone designated by the ordinance adopted under Section 373A.1521 (Contents of Reinvestment Zone Ordinance) takes effect on the date on which the county adopts a final order agreeing to the creation of the zone, the zone boundaries, and the zone termination date specified by the municipality under Section 373A.1521(1) (requiring that the ordinance designating the homestead preservation zone contain the information required under Sections 311.004(a)(1), (4), and (6), Tax Code). Deletes existing text providing that the zone designated by the ordinance adopted under Section 373A.1521 takes effect on the date on which the county adopts a final order specifying an amount of the tax increment to be deposited by the county into the tax increment fund that is equal to the amount of the tax increment specified by the municipality under Section 373A.1521(3) (requiring that the ordinance designating the homestead preservation zone specify the amount of tax increment to be deposited by the municipality into the tax increment fund). Makes nonsubstantive changes.

SECTION 2. Amends Section 373A.155(b), Local Government Code, to require the county to pay into the tax increment fund for the zone the same percentage of the tax increment produced by the county that the municipality pays into the fund, rather than requires the county to pay into

the tax increment fund for the zone an amount equal to the tax increment paid by the municipality as specified in the order adopted under Section 373A.1522.

SECTION 3. Amends Subchapter D, Chapter 373A, Local Government Code, by adding Section 373A.159, as follows:

Sec. 373A.159. COMPOSITION OF BOARD OF DIRECTORS OF HOMESTEAD PRESERVATION REINVESTMENT ZONES. (a) Provides that, notwithstanding Chapter 311 (Tax Increment Financing Act), Tax Code, the board of directors of a homestead preservation reinvestment zone consists of at least 6 and not more than 16 members, unless more than 16 members are required to satisfy the requirements of this section.

(b) Authorizes the municipality and county approving the payment of all or part of the tax increment into the tax increment fund each to appoint an equal number of members to the board.

(c) Provides that members of the board are appointed for terms of two years unless longer terms are provided under Section 11 (Term of Office Exceeding Two Years in Home Rule and General Law Cities; Vacancies), Article XI (Municipal Corporations), Texas Constitution. Authorizes terms of members to be staggered.

(d) Provides that a vacancy on the board is filled for the unexpired term by appointment of the governing body of the taxing unit that appointed the director who served in the vacant position.

(e) Requires an individual, to be eligible for appointment to the board, to:

(1) be a qualified voter of the county; or

(2) be at least 18 years of age and own real property in the reinvestment zone or be an employee or agent of a person that owns real property in the zone.

(f) Requires the board of directors of a reinvestment zone each year to elect one of its members to serve as presiding officer for a term of one year. Authorizes the board of directors to elect an assistant presiding officer to preside in the absence of the presiding officer or when there is a vacancy in the office of presiding officer. Authorizes the board to elect other officers as it considers appropriate.

(g) Provides that a member of the board of directors of a homestead preservation reinvestment zone:

(1) is not a public official by virtue of that position; and

(2) unless otherwise ineligible, may be appointed to serve concurrently on the board of directors of a local government corporation created under Subchapter D (Local Government Corporations), Chapter 431 (Texas Transportation Corporation Act), Transportation Code.

(h) Provides that the board of directors created in this section has the powers and duties prescribed by Sections 311.010 (Powers and Duties of Board of Directors) and 311.011 (Project and Financing Plans), Tax Code.

SECTION 4. Effective date: September 1, 2011.