

BILL ANALYSIS

Senate Research Center
78R9276 SMH-D

H.B. 390
By: Pitts (Averitt)
Intergovernmental Relations
5/19/2003
Engrossed

BACKGROUND AND PURPOSE

Section 26.03 of the Property Tax Code was added by H.B. 1468, 77th Texas Legislature. This law enables a taxing unit which has captured appraised value that exists in a tax increment reinvestment zone to deduct the captured appraised value from the calculation of its tax rate since that value is dedicated to the zone and unavailable to the taxing unit.

One consequence of the creation of this law was that when calculating tax rates, taxing units became able to deduct new improvement value in one area of the tax rate calculation and then again because new improvement value may also exist within captured appraised value. H.B. 390 seeks to change a taxing unit's ability to deduct new improvement value twice.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 26.03(c), Tax Code, to exclude the portion of the captured appraised value of real property that is taxable and that corresponds to the portion of the tax increment of the unit from property which the unit has agreed to pay into the tax increment fund for a reinvestment zone and that is not included in the calculation of "new property value" from the taxable value of property.

SECTION 2. Effective date: January 1, 2004.
Makes application of this Act prospective.