

BILL ANALYSIS

Senate Research Center
79R3086 SMH-D

S.B. 1198
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As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Currently, a city is required to contribute 100 percent of its tax increment to a tax increment fund for a tax increment reinvestment zone (TIRZ) throughout the life of the TIRZ. The proposed legislation would allow a city to reduce its participation once all non-educational facility projects have been completed.

As proposed, S.B. 1198 allows cities to reduce their participation in a TIRZ to less than 100 percent. S.B. 1198 also clarifies that cities can determine the participation level upon creation of a TIRZ and protects any existing TIRZ obligations (i.e., bonds, notes, and developer reimbursement agreements). Under S.B. 1198 a city is authorized to reduce its participation only by an amount that would not impair any TIRZ payment obligations.

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 311.013, Tax Code, by amending Subsection (b) and adding Subsection (1), as follows:

(b) Requires each taxing unit to pay into the tax increment fund (fund) for the reinvestment zone (zone) an amount equal to the tax increment produced by the unit, less the sum of certain tax increments.

(1) Authorizes the governing body of a municipality that designates an area as a zone to determine, in the designating ordinance or in an ordinance adopted after the zone is designated, the portion of the tax increment produced by the municipality that the municipality is required to pay into the fund for the zone. Provides that if a municipality does not determine the portion of the tax increment produced by the municipality that the municipality is required to pay into the fund for a zone, the municipality is required to pay into the fund for the zone the entire tax increment produced by the municipality, except as provided by Subsection (b)(1). Provides that a municipality that has determined the portion of the tax increment produced by the municipality that the municipality is required to pay into the fund for a zone may reduce the portion of the tax increment paid into the fund by the municipality. Requires that the portion of the tax increment produced by a municipality that the municipality is required to pay into the fund for a zone, together with all other revenues required to be paid into the fund, to be sufficient to pay the estimated project costs of the zone as shown in the zone financing plan, any tax increment bonds or notes issued for the zone, and any other obligations of the zone.

SECTION 2. Effective date: upon passage or September 1, 2005.