

BILL ANALYSIS

Senate Research Center

S.B. 1856
By: Deuell
Intergovernmental Relations
4/27/2005
As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Tax Increment Reinvestment Zones (TIRZ) were established under Chapter 311, Tax Code. The zones provide a way for local governments to finance needed infrastructure enhancements to promote economic development in an area. A TIRZ is unique in that future tax revenues, which increase due to the improvements made in the area, repay the costs of the improvements. This additional tax revenue attributable to the enhanced property value is known as the "increment." As opposed to simply granting a long-term abatement, a TIRZ provides the option of repayment for the improvements.

Currently, only municipalities may create Tax Increment Reinvestment Zones. Urban counties experiencing rapid growth are requesting this same ability to provide infrastructure improvements for economic development under a mechanism that repays the costs. As proposed, S.B. 1856 allows a county to create a TIRZ.

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 Sections 311.002, 311.003, and 311.004, Tax Code, as follows:

Sec. 311.002. DEFINITIONS. Defines "governing body." Redefines "project costs."

Sec. 311.003. PROCEDURE FOR CREATING REINVESTMENT ZONE. (a) Authorizes the governing body, rather than the governing body of a municipality, by ordinance or by order to designate a contiguous geographic area in the jurisdiction of the municipality or county, rather than the municipality, to be a reinvestment zone to promote development or redevelopment of the area if the governing body determines that development or redevelopment would not occur solely through private investment in the reasonably foreseeable future. Makes conforming changes.

Sec. 311.004. New heading: CONTENTS OF REINVESTMENT ZONE ORDINANCE OR ORDER. Requires the ordinance or order designating an area as a reinvestment zone to meet certain criteria. Makes conforming changes.

SECTION 2. Amends Section 311.005(a), Tax Code, to make conforming changes.

SECTION 3. Amends Sections 311.007 and 311.008, Tax Code, to make conforming changes.

SECTION 4. Amends Sections 311.009(a), (b), (e), and (f), Tax Code, to make conforming changes.

SECTION 5. Amends Sections 311.010(a), (b), (d), (e), and (f), Tax Code, to make conforming changes.

SECTION 6. Amends Sections 311.011(a), (b), (d), (e), and (g), Tax Code, to make conforming changes.

SECTION 7. Amends Sections 311.013(d), (e), (f), and (k), Tax Code, as follows:

(d)-(f) Makes conforming changes.

(k) Deletes existing text relating to a municipality described by Subsection (h). Makes conforming changes.

SECTION 8. Amends Sections 311.014(c) and (d), Tax Code, to make conforming changes.

SECTION 9. Amends Sections 311.015(a), (b), (c), (e), (f), (g), (i), (j), and (k), Tax Code, to make conforming changes.

SECTION 10. Amends Sections 311.016 and 311.017, Tax Code, to make conforming changes.

SECTION 11. Amends Sections 311.019(b) and (c), Tax Code, to make conforming changes.

SECTION 12. Amends Section 311.020, Tax Code, to make conforming changes.

SECTION 13. Effective date: upon passage or September 1, 2005.