

BILL ANALYSIS

Senate Research Center
81R10897 JD-D

H.B. 1770
By: Miklos (Wentworth)
Economic Development
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Tax increment financing is a tool that municipal governments can use to publicly finance needed structural improvements and enhanced infrastructure within a defined area. These improvements usually are undertaken to promote the viability of existing businesses and to attract new commercial enterprises to the area. The cost of improvements to the area is repaid by the contribution of future tax revenues by each taxing unit that levies taxes against the property.

Currently, counties and cities can only designate a contiguous geographic area as a reinvestment zone, and the statute is unclear in regards to a municipality's authority to establish a zone that covers area in its extraterritorial jurisdiction. As such, there are concerns over future annexation of taxable real property in the designated area.

Developers who bring projects that yield the increment are hesitant to commit to development in an area of ambiguous status, and making this provision explicit would bring assurance to potential developers. By allowing noncontiguous areas of counties and cities, as well as area in the extraterritorial jurisdiction of cities, to be designated as a reinvestment zone, this legislation gives the counties and cities greater flexibility and discretion in bringing economic development to their communities.

H.B. 1770 relates to the designation of an area as a reinvestment zone under the Tax Increment Financing Act.

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 311.003(a), Tax Code, to authorize the governing body of a county by order to designate a contiguous geographic area in the county and authorizes the governing body of a municipality by ordinance to designate a contiguous or noncontiguous geographic area that is in the corporate limits of the municipality, in the extraterritorial jurisdiction of the municipality, or in both 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. Provides that the designation of an area that is wholly or partly located in the extraterritorial jurisdiction of a municipality is not affected by a subsequent annexation of real property in the reinvestment zone by the municipality. Deletes existing text authorizing the governing body of a municipality by ordinance or the governing body of a county by order to designate a contiguous geographic area in the jurisdiction of the municipality or county 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.

SECTION 2. Effective date: upon passage or September 1, 2009.