

## **BILL ANALYSIS**

Senate Research Center  
86R22495 LHC-F

H.B. 2111  
By: Pacheco et al. (Flores)  
Property Tax  
5/14/2019  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Chapter 311, Tax Code, governs tax increment financing and tax increment reinvestment zones (TIRZ). Local governments may use tax increment financing to redirect additional property tax revenues within an area designated as a TIRZ to the cost of improvements in the area. The additional revenues, called the tax increment, come from increased property values brought about from improvements in the zone.

Sec. 311.011 requires the board of directors of a TIRZ to prepare and adopt a reinvestment zone financing plan and submit the plan to the governing body of the city or county that designated the zone. The plan must include the duration of the zone. Under Section 311.017, a TIRZ terminates on the date provided by local ordinance or the date on which all project costs, bonds, or other obligations are paid in full, whichever is earlier.

Section 403.32, Government Code, requires the comptroller of public accounts of the State of Texas (comptroller) to conduct a study to determine the total taxable value of all property in a school district. Taxable value does not include the amount of any captured appraised value of property in a TIRZ. The number of years this amount may be deducted from the total taxable value is limited to the duration of the zone as specified in the reinvestment zone financing plan. Interested parties have suggested allowing certain cities to extend the termination date for a TIRZ without being made subject to property taxes.

H.B. 2111 would allow a school district to exempt property in a tax increment reinvestment zone from the comptroller's study of taxable property in a school district until the termination date under Section 311.017, Tax Code, if the city adopted an ordinance terminating the zone at a later date than originally designated. H.B. 2111 would apply only to a reinvestment zone created by a certain municipality with a population of 1.1 million or more that was predominantly located in a county with a population of 1.8 million or less (San Antonio).

H.B. 2111 amends current law relating to the period for which a school district's participation in certain tax increment financing reinvestment zones may be taken into account in determining the total taxable value of property in the school district.

### **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 403.302, Government Code, by adding Subsection (e-2), as follows:

(e-2) Provides that this subsection applies only to a reinvestment zone created by a municipality that has a population of 1.1 million or more and is predominantly located in a county that has a population of 1.8 million or less. Provides that, notwithstanding Subsection (e) (relating to certain limitations on deductions in a reinvestment zone), if the municipality adopts an ordinance designating a termination date for the zone that is later than the termination date designated in the ordinance creating the zone, the number of

years for which the total dollar amount is authorized to be deducted under Subsection (d)(4) (relating to subtracting the total dollar amount of any captured appraised value of property that meets certain criteria from the market value of all taxable property for the purpose of determining "taxable value" for purposes of this section (Determination of School District Property Values)) is limited to the duration of the zone as determined under Section 311.017 (Termination of Reinvestment Zone), Tax Code.

SECTION 2. Effective date: September 1, 2019.