

BILL ANALYSIS

C.S.H.B. 390

By: Pitts

Local Government Ways and Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Section 26.03 of the Property Tax Code was added by HB 1468, 77th Texas Legislative Session. This law enables taxing units who have captured appraised value that exists in a tax increment reinvestment zone to deduct the captured appraised value from the calculation of their tax rates 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 their 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. CSHB 390 seeks to change a taxing unit's ability to deduct new improvement value twice.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

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.

EFFECTIVE DATE

January 1, 2004. Applicable only to tax calculations under Chapter 26, Tax Code, and for a tax year that begins on or after the effective date of this Act.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The introduced bill added Subsection (c-1) to Section 26.03 to say that new property value does not include the portion of the captured appraised value that corresponds to the portion of the tax increment of the unit from that property that the unit has agreed to pay into the tax increment fund for a reinvestment zone. The substitute amends 26.03(c), Tax Code, to exclude captured appraised value that is not included in the calculation of "new property value" from the taxable value of the property.