

BILL ANALYSIS

H.B. 654
By: Pickett
Border and International Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Under current law (§311, 013(f), Tax Code) a taxing unit is not required to pay into the tax increment fund (fund) any of its tax increment derived from property in a reinvestment zone. However, current law (§311.013(h), Tax Code) creates an exception which provides that a taxing unit for a city with a population that exceeds 230,000 and that borders the United Mexican States (Mexico) is still required to pay into the fund. At present, El Paso is the only city which meets this description.

In December of 2001, the City of El Paso passed two Ordinances (No. 14996, No 14999) establishing Tax Increment Finance Districts (districts) No. 2 & No. 3. Subsequently, the County of El Paso expressed its desire to waive participation in the districts and the City of El Paso signed a Settlement Contract with the County of El Paso allowing the County to waive participation.

House Bill 654 would provide that a taxing unit that levies taxes on property in a reinvestment zone within a city with a population of more than 230,000 and that borders Mexico is not required to pay into the fund.

RULEMAKING AUTHORITY

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

ANALYSIS

SECTION 1. House Bill 654 amends the Tax Code by repealing §311.013 (h) such that a taxing unit that levies taxes on property in a reinvestment zone within a city with a population that exceeds 230,000 and borders Mexico is not required to pay into the tax increment fund any of its tax increment derived from property in the reinvestment zone.

SECTION 2. Effective Date.

EFFECTIVE DATE

On passage or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2003.