

## **BILL ANALYSIS**

Senate Research Center

S.B. 771  
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Intergovernmental Relations  
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Enrolled

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

Areas in a municipality that arrest, impair, or retard the sound growth of the municipality are injurious to the public health, safety, morals, and welfare of its residents.

S.B. 771 authorizes the designation of a municipal area as a reinvestment zone for the purpose of addressing a substantial number of substandard, slum, deteriorated, or deteriorating structures.

### **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 311.005(a), Tax Code, to include the presence of structures, other than single-family residential structures, less than a certain percentage used for commercial, industrial, or residential purposes during the preceding 12 years, if the municipality has a population of 100,000 or more, among those conditions under which an area may be designated as a reinvestment zone.

SECTION 2. Amends Section 311.008, Tax Code, by adding Subsection (e) to specify that the implementation of a project plan to alleviate certain conditions and to promote development or redevelopment of a reinvestment zone in accordance with this chapter serves a public purpose.

SECTION 3. Amends Chapter 311, Tax Code, by adding Section 311.0087, as follows:

Sec. 311.0087. RESTRICTION ON POWERS OF CERTAIN MUNICIPALITIES. (a) Sets forth the proposed reinvestment zones to which this section applies.

(b) Prohibits a municipality, upon imposing a fee of more than \$25,000 for processing the petition, from requiring a property owner who submitted the petition, as a condition of designating the reinvestment zone or approving a development agreement, or project plan for the proposed reinvestment zone from taking certain actions.

SECTION 4. Amends Section 311.010, Tax Code, by adding Subsections (g), (h), and (i), as follows:

(g) Provides that Chapter 252 (Purchasing and Contracting Authority of Municipalities), Local Government Code, does not apply to a dedication, pledge, or other use of revenue in the tax increment fund for a reinvestment zone by the board of directors of the zone in carrying out its powers under Subsection (b).

(h) Authorizes the board of directors of a reinvestment zone, as necessary or convenient to implement the project plan and reinvestment zone financing plan and achieve their purposes, subject to the approval of the governing body of the municipality that created the zone, to establish and provide for the administration of one or more programs for certain public purposes. Provides that for the purposes of this subsection, on approval of the municipality, the board of directors of the zone has all the powers of a municipality

under Chapter 380 (Miscellaneous Provisions Relating to Municipal Planning and Development), Local Government Code.

(i) Authorizes the board of directors of a reinvestment zone or a local government corporation administering a reinvestment zone to contract with the municipality that created the zone to allocate a certain amount from the tax increment fund for the zone.

SECTION 5. Amends Section 311.013, Tax Code, by amending Subsection (b) and adding Subsections (l) and (m), as follows:

(b) Requires each taxing unit to pay a certain amount equal to the tax increment produced, less the sum of certain taxes, into the tax increment fund for the zone.

(l) Authorizes the governing body of a municipality that designates an area as a reinvestment zone to determine, in the designating ordinance adopted under Section 311.003 or in the ordinance adopted under Section 311.011 approving the reinvestment zone financing plan for the zone, the portion of the tax increment produced by the municipality that the municipality is required to pay into the tax increment fund for the zone. Provides that if a municipality does not determine the portion of the tax increment produced by the municipality that it is required to pay into the tax increment fund for a reinvestment zone, the municipality is required to pay into the fund for the zone the entire tax increment produced by the municipality, except as provided by Subsection (b)(1).

(m) Authorizes the governing body of a municipality that is located in a county meeting certain population requirements to reduce the portion of the tax increment produced by the municipality that it is required to pay into the tax increment fund for the zone. Prohibits the municipality from reducing a certain portion of the tax increment produced by the municipality under this subsection. Requires the portion of the tax increment produced by the municipality that it is required to pay into the tax increment fund for a reinvestment zone, as reduced by the ordinance adopted under this subsection, together with all other revenues required to be paid into the fund, to be sufficient to complete and pay for the estimated costs of projects listed in the reinvestment zone financing plan and any tax increment bonds or notes issued for the zone, and any other obligations of the zone.

SECTION 6. Effective date: upon passage or September 1, 2005.