

By: Ellis

S.B. No. 1198

A BILL TO BE ENTITLED

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AN ACT

relating to the determination of the portion of the tax increment produced by a municipality that the municipality is required to pay into the tax increment fund for a reinvestment zone.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 311.013, Tax Code, is amended by amending Subsection (b) and adding Subsections (l) and (m) to read as follows:

(b) Each taxing unit shall pay into the tax increment fund for the zone an amount equal to the tax increment produced by the unit, less the sum of:

(1) property taxes produced from the tax increments that are, by contract executed before the designation of the area as a reinvestment zone, required to be paid by the unit to another political subdivision; and

(2) for a taxing unit other than the municipality that created the zone, a portion, not to exceed 15 percent, of the tax increment produced by the unit as provided by the reinvestment zone financing plan or a larger portion as provided by Subsection (f).

(l) The governing body of a municipality that designates an area as a reinvestment zone may determine in the designating ordinance 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. If a municipality does not determine

1 the portion of the tax increment produced by the municipality that
2 the municipality is required to pay into the tax increment fund for
3 a reinvestment zone, the municipality is required to pay into the
4 fund for the zone the entire tax increment produced by the
5 municipality, except as provided by Subsection (b)(1).

6 (m) The governing body of a municipality that is located in
7 a county with a population of 3.3 million or more may, in an
8 ordinance adopted after the zone is designated, reduce the portion
9 of the tax increment produced by the municipality that the
10 municipality is required to pay into the tax increment fund for the
11 zone. The portion of the tax increment produced by a municipality
12 that the municipality is required to pay into the tax increment fund
13 for a reinvestment zone, together with all other revenues required
14 to be paid into the fund, must be sufficient to complete and pay for
15 the estimated costs of projects listed in the reinvestment zone
16 financing plan and pay any tax increment bonds or notes issued for
17 the zone, and any other obligations of the zone.

18 SECTION 2. This Act takes effect immediately if it receives
19 a vote of two-thirds of all the members elected to each house, as
20 provided by Section 39, Article III, Texas Constitution. If this
21 Act does not receive the vote necessary for immediate effect, this
22 Act takes effect September 1, 2005.