

By: Ellis

S.B. No. 1198

Substitute the following for S.B. No. 1198:

By: Puente

C.S.S.B. No. 1198

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the determination of the portion of the tax increment
3 produced by a municipality that the municipality is required to pay
4 into the tax increment fund for a reinvestment zone.

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

6 SECTION 1. Section 311.010, Tax Code, is amended by adding
7 Subsection (g) to read as follows:

8 (g) Subject to the approval of the governing body of the
9 municipality that created the zone, the board of directors of a
10 reinvestment zone, as necessary or convenient to implement the
11 project plan and reinvestment zone financing plan and achieve their
12 purposes, may establish and provide for the administration of one
13 or more programs for the public purposes of developing and
14 diversifying the economy of the zone, eliminating unemployment and
15 underemployment in the zone, and developing or expanding
16 transportation, business, and commercial activity in the zone,
17 including programs to make grants and loans from the tax increment
18 fund of the zone for activities that benefit the zone and stimulate
19 business and commercial activity in the zone. For purposes of this
20 subsection, on approval of the municipality, the board of directors
21 of the zone has all the powers of a municipality under Chapter 380,
22 Local Government Code.

23 SECTION 2. Section 311.013, Tax Code, is amended by
24 amending Subsection (b) and adding Subsections (l) and (m) to read as

1 follows:

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

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

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

13 (1) The governing body of a municipality that designates an
14 area as a reinvestment zone may determine in the designating
15 ordinance adopted under Section 311.003 or in the ordinance adopted
16 under Section 311.011 approving the reinvestment zone financing
17 plan for the zone the portion of the tax increment produced by the
18 municipality that the municipality is required to pay into the tax
19 increment fund for the zone. If a municipality does not determine
20 the portion of the tax increment produced by the municipality that
21 the municipality is required to pay into the tax increment fund for
22 a reinvestment zone, the municipality is required to pay into the
23 fund for the zone the entire tax increment produced by the
24 municipality, except as provided by Subsection (b)(1).

25 (m) The governing body of a municipality that is located in
26 a county with a population of more than 1.4 million but less than
27 2.1 million or in a county with a population of 3.3 million or more

1 by ordinance may reduce the portion of the tax increment produced by
2 the municipality that the municipality is required to pay into the
3 tax increment fund for the zone. The portion of the tax increment
4 produced by a municipality that the municipality is required to pay
5 into the tax increment fund for a reinvestment zone, as reduced by
6 the ordinance adopted under this subsection, together with all
7 other revenues required to be paid into the fund, must be sufficient
8 to complete and pay for the estimated costs of projects listed in
9 the reinvestment zone financing plan and pay any tax increment
10 bonds or notes issued for the zone, and any other obligations of the
11 zone.

12 SECTION 3. This Act takes effect immediately if it receives
13 a vote of two-thirds of all the members elected to each house, as
14 provided by Section 39, Article III, Texas Constitution. If this
15 Act does not receive the vote necessary for immediate effect, this
16 Act takes effect September 1, 2005.