

By: Ellis

S.B. No. 1198

A BILL TO BE ENTITLED

1 AN ACT

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 311.013, Tax Code, is amended by
7 amending Subsection (b) and adding Subsection (1) to read as
8 follows:

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

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

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

20 (1) The governing body of a municipality that designates an
21 area as a reinvestment zone may determine, in the designating
22 ordinance or in an ordinance adopted after the zone is designated,
23 the portion of the tax increment produced by the municipality that
24 the municipality is required to pay into the tax increment fund for

1 the zone. If a municipality does not determine the portion of the
2 tax increment produced by the municipality that the municipality is
3 required to pay into the tax increment fund for a reinvestment zone,
4 the municipality is required to pay into the fund for the zone the
5 entire tax increment produced by the municipality, except as
6 provided by Subsection (b)(1). A municipality that has determined
7 the portion of the tax increment produced by the municipality that
8 the municipality is required to pay into the tax increment fund for
9 a reinvestment zone by ordinance may reduce the portion of the tax
10 increment produced by the municipality that the municipality is
11 required to pay into the fund for the zone. The portion of the tax
12 increment produced by a municipality that the municipality is
13 required to pay into the tax increment fund for a reinvestment zone,
14 together with all other revenues required to be paid into the fund,
15 must be sufficient to pay the estimated project costs of the zone as
16 shown in the reinvestment zone financing plan, any tax increment
17 bonds or notes issued for the zone, and any other obligations of the
18 zone.

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