

1-1 By: Ellis S.B. No. 1198  
1-2 (In the Senate - Filed March 9, 2005; March 21, 2005, read  
1-3 first time and referred to Committee on Intergovernmental  
1-4 Relations; April 22, 2005, reported adversely, with favorable  
1-5 Committee Substitute by the following vote: Yeas 5, Nays 0;  
1-6 April 22, 2005, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1198 By: Gallegos

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to the determination of the portion of the tax increment  
1-11 produced by a municipality that the municipality is required to pay  
1-12 into the tax increment fund for a reinvestment zone.

1-13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-14 SECTION 1. Section 311.013, Tax Code, is amended by  
1-15 amending Subsection (b) and adding Subsections (l) and (m) to read as  
1-16 follows:

1-17 (b) Each taxing unit shall pay into the tax increment fund  
1-18 for the zone an amount equal to the tax increment produced by the  
1-19 unit, less the sum of:

1-20 (1) property taxes produced from the tax increments  
1-21 that are, by contract executed before the designation of the area as  
1-22 a reinvestment zone, required to be paid by the unit to another  
1-23 political subdivision; and

1-24 (2) for a taxing unit other than the municipality that  
1-25 created the zone, a portion, not to exceed 15 percent, of the tax  
1-26 increment produced by the unit as provided by the reinvestment zone  
1-27 financing plan or a larger portion as provided by Subsection (f).

1-28 (1) The governing body of a municipality that designates an  
1-29 area as a reinvestment zone may determine in the designating  
1-30 ordinance the portion of the tax increment produced by the  
1-31 municipality that the municipality is required to pay into the tax  
1-32 increment fund for the zone. If a municipality does not determine  
1-33 the portion of the tax increment produced by the municipality that  
1-34 the municipality is required to pay into the tax increment fund for  
1-35 a reinvestment zone, the municipality is required to pay into the  
1-36 fund for the zone the entire tax increment produced by the  
1-37 municipality, except as provided by Subsection (b)(1).

1-38 (m) The governing body of a municipality that is located in  
1-39 a county with a population of 3.3 million or more may, in an  
1-40 ordinance adopted after the zone is designated, reduce the portion  
1-41 of the tax increment produced by the municipality that the  
1-42 municipality is required to pay into the tax increment fund for the  
1-43 zone. The portion of the tax increment produced by a municipality  
1-44 that the municipality is required to pay into the tax increment fund  
1-45 for a reinvestment zone, together with all other revenues required  
1-46 to be paid into the fund, must be sufficient to complete and pay for  
1-47 the estimated costs of projects listed in the reinvestment zone  
1-48 financing plan and pay any tax increment bonds or notes issued for  
1-49 the zone, and any other obligations of the zone.

1-50 SECTION 2. This Act takes effect immediately if it receives  
1-51 a vote of two-thirds of all the members elected to each house, as  
1-52 provided by Section 39, Article III, Texas Constitution. If this  
1-53 Act does not receive the vote necessary for immediate effect, this  
1-54 Act takes effect September 1, 2005.

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