

## **BILL ANALYSIS**

C.S.H.B. 1206  
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Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Currently, state law requirements for a school district to participate in tax increment financing in connection with certain reinvestment zones must meet certain criteria. C.S.H.B. 1206 would provide a limited exemption and would require the Comptroller to deduct from a school district's market value the total dollar amount of any captured appraised value relative to a tax increment financing agreement that--(1) is within a reinvestment zone created on or before December 31, 2008 by a municipality with a population of less than 18,000; (2) the project plan for which requires that a portion of the tax increment be used to alter, remodel, repair, or reconstruct a structure that is included on the National Register of Historic Places; (3) generates school taxes that are paid into a Tax Increment Financing fund; and, (4) is eligible for tax increment financing.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 1206 amends Section 403.302 of the Government Code to broaden the eligibility criteria for tax increment financing to allow: a project that is included within a reinvestment zone, that is created on or before December 31, 2008, and a municipality with a population of less than 18,000. To meet the new eligibility requirements, the tax increment must be used to alter, remodel, repair, or reconstruct a structure that is included on the National Register of Historic Places and generates school district taxes that are paid into a tax increment fund created under Chapter 311, Tax Code.

C.S.H.B. 1206 would add to the current eligibility criteria to include certain renovation projects to be eligible for the tax increment financing under Chapter 311, Tax Code for purposes of economic development.

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

### **EFFECTIVE DATE**

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

C.S.H.B. 1206 does not limit the Tax Increment Funding to include only the building structure itself but also for ancillary renovations and improvements of the project area.