

BILL ANALYSIS

H.B. 1294
By: Villarreal
Local Government Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

A Tax Increment Fund (TIF) is a tool that can be used by municipalities to designate a primarily nonresidential zone as a reinvestment zone. This designation allows counties or municipalities to divert tax dollars to promote development or redevelopment of an area deemed to substantially arrest or impair the sound growth of the entity creating the zone; retard the provision of housing accommodations; or constitute an economic or social liability that is a menace to the public health, safety, morals, or welfare in its present condition if the governing body determines that development or redevelopment would not occur solely through private investment in the reasonably foreseeable future.

Revenue from a TIF currently may be used to construct, acquire or restore public works on property that has been acquired or was previously owned within a restoration zone. Approved uses include public improvements such as utilities, streets, street lights, water and sewer facilities, pedestrian malls and walkways, parks, flood and drainage facilities, and parking facilities.

Currently revenue from a TIF may not be used on education facilities. If a school is within a designated reinvestment zone, the area adjacent to the school may be restored, beautified and rejuvenated but any property belonging to the school -- including sidewalks, driveways, grounds and buildings -- may not be improved or replaced with revenue from the TIF.

HB 1294 gives counties and municipalities the option of using revenue from a TIF to acquire, construct or reconstruct educational facilities located within restoration zones.

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

Section one eliminates the prohibition on using revenue from a TIF to acquire, construct, reconstruct or install educational facilities. It adds educational facilities to the list of approved uses.

Section two deletes the size limits for counties that are permitted to enter into an agreement with a school district to dedicate revenue from a TIF to acquire, construct, or reconstruct an educational facility.

EFFECTIVE DATE

This bill takes effect September 1, 2007.