

By: Brimer

S.B. No. 1264

A BILL TO BE ENTITLED

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AN ACT

relating to the authority of a taxing unit to make a loan to the board of directors of a tax increment financing reinvestment zone for deposit in the tax increment fund for the zone.

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

SECTION 1. Subsection (e), Section 311.0123, Tax Code, is amended to read as follows:

(e) The sales and use taxes to be deposited into the tax increment fund under this section may be disbursed from the fund only to:

(1) satisfy claims of holders of tax increment bonds, notes, or other obligations issued or incurred for the reinvestment zone;

(2) pay project costs for the zone; and

(3) make payments in accordance with an agreement made under Section 311.010(b) dedicating revenue from the tax increment fund.

SECTION 2. Section 311.014, Tax Code, is amended by amending Subsections (b) and (d) and adding Subsection (e) to read as follows:

(b) Money may be disbursed from the fund only to satisfy claims of holders of tax increment bonds or notes issued for the zone, to pay project costs for the zone, [~~or~~] to make payments pursuant to an agreement made under Section 311.010(b) dedicating

1 revenue from the tax increment fund, or to repay other obligations
2 incurred for the zone.

3 (d) After all project costs, ~~and~~ all tax increment bonds
4 or notes issued for a reinvestment zone, and any other obligations
5 incurred for the zone have been paid, and subject to any agreement
6 with bondholders, any money remaining in the tax increment fund
7 shall be paid to the municipality or county that created the zone
8 and other taxing units levying taxes on property in the zone in
9 proportion to the municipality's or county's and each other unit's
10 respective share of the total amount of tax increments derived from
11 taxable real property in the zone that were deposited in the fund
12 during the fund's existence.

13 (e) A taxing unit that levies taxes on real property in a
14 reinvestment zone may make a loan to the board of directors of the
15 zone for deposit in the tax increment fund for the zone if the
16 governing body of the taxing unit determines that the loan is
17 beneficial to, and serves a public purpose of, the taxing unit. The
18 loan is payable on the terms agreed to by the taxing unit, or an
19 instrumentality of the taxing unit if applicable, and the board of
20 directors of the zone. A loan under this subsection:

21 (1) is not considered to be a tax increment bond or
22 note under Section 311.015; and

23 (2) is considered to be:

24 (A) an authorized investment under Chapter 2256,
25 Government Code; and

26 (B) an obligation incurred for the zone.

27 SECTION 3. Section 311.017, Tax Code, is amended to read as

1 follows:

2 Sec. 311.017. TERMINATION OF REINVESTMENT ZONE. (a) A
3 reinvestment zone terminates on the earlier of:

4 (1) the termination date designated in the ordinance
5 or order, as applicable, creating the zone or an earlier
6 termination date designated by an ordinance or order adopted
7 subsequent to the ordinance or order creating the zone; or

8 (2) the date on which all project costs, tax increment
9 bonds[~~r~~] and interest on those bonds, and other obligations have
10 been paid in full.

11 (b) The tax increment pledged to the payment of bonds and
12 interest on the bonds and to the payment of any other obligations
13 may be discharged and the reinvestment zone may be terminated if the
14 municipality or county that created the zone deposits or causes to
15 be deposited with a trustee or other escrow agent authorized by law
16 funds in an amount that, together with the interest on the
17 investment of the funds in direct obligations of the United States,
18 will be sufficient to pay the principal of, premium, if any, and
19 interest on all bonds issued on behalf of the reinvestment zone at
20 maturity or at the date fixed for redemption of the bonds, and to
21 pay any other amounts that may become due, including compensation
22 due or to become due to the trustee or escrow agent, as well as to
23 pay the principal of and interest on any other obligations incurred
24 on behalf of the zone.

25 SECTION 4. This Act takes effect immediately if it receives
26 a vote of two-thirds of all the members elected to each house, as
27 provided by Section 39, Article III, Texas Constitution. If this

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- 1 Act does not receive the vote necessary for immediate effect, this
- 2 Act takes effect September 1, 2007.