

1-1 By: Brimer S.B. No. 1264
1-2 (In the Senate - Filed March 6, 2007; March 14, 2007, read
1-3 first time and referred to Subcommittee on Emerging Technologies
1-4 and Economic Development; March 29, 2007, reported favorably from
1-5 Committee on Business and Commerce by the following vote: Yeas 8,
1-6 Nays 0; March 29, 2007, sent to printer.)

1-7 A BILL TO BE ENTITLED
1-8 AN ACT

1-9 relating to the authority of a taxing unit to make a loan to the
1-10 board of directors of a tax increment financing reinvestment zone
1-11 for deposit in the tax increment fund for the zone.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subsection (e), Section 311.0123, Tax Code, is
1-14 amended to read as follows:

1-15 (e) The sales and use taxes to be deposited into the tax
1-16 increment fund under this section may be disbursed from the fund
1-17 only to:

1-18 (1) satisfy claims of holders of tax increment bonds,
1-19 notes, or other obligations issued or incurred for the reinvestment
1-20 zone;

1-21 (2) pay project costs for the zone; and

1-22 (3) make payments in accordance with an agreement made
1-23 under Section 311.010(b) dedicating revenue from the tax increment
1-24 fund.

1-25 SECTION 2. Section 311.014, Tax Code, is amended by
1-26 amending Subsections (b) and (d) and adding Subsection (e) to read
1-27 as follows:

1-28 (b) Money may be disbursed from the fund only to satisfy
1-29 claims of holders of tax increment bonds or notes issued for the
1-30 zone, to pay project costs for the zone, ~~or~~ to make payments
1-31 pursuant to an agreement made under Section 311.010(b) dedicating
1-32 revenue from the tax increment fund, or to repay other obligations
1-33 incurred for the zone.

1-34 (d) After all project costs, ~~and~~ all tax increment bonds
1-35 or notes issued for a reinvestment zone, and any other obligations
1-36 incurred for the zone have been paid, and subject to any agreement
1-37 with bondholders, any money remaining in the tax increment fund
1-38 shall be paid to the municipality or county that created the zone
1-39 and other taxing units levying taxes on property in the zone in
1-40 proportion to the municipality's or county's and each other unit's
1-41 respective share of the total amount of tax increments derived from
1-42 taxable real property in the zone that were deposited in the fund
1-43 during the fund's existence.

1-44 (e) A taxing unit that levies taxes on real property in a
1-45 reinvestment zone may make a loan to the board of directors of the
1-46 zone for deposit in the tax increment fund for the zone if the
1-47 governing body of the taxing unit determines that the loan is
1-48 beneficial to, and serves a public purpose of, the taxing unit. The
1-49 loan is payable on the terms agreed to by the taxing unit, or an
1-50 instrumentality of the taxing unit if applicable, and the board of
1-51 directors of the zone. A loan under this subsection:

1-52 (1) is not considered to be a tax increment bond or
1-53 note under Section 311.015; and

1-54 (2) is considered to be:

1-55 (A) an authorized investment under Chapter 2256,
1-56 Government Code; and

1-57 (B) an obligation incurred for the zone.

1-58 SECTION 3. Section 311.017, Tax Code, is amended to read as
1-59 follows:

1-60 Sec. 311.017. TERMINATION OF REINVESTMENT ZONE. (a) A
1-61 reinvestment zone terminates on the earlier of:

1-62 (1) the termination date designated in the ordinance
1-63 or order, as applicable, creating the zone or an earlier
1-64 termination date designated by an ordinance or order adopted

2-1 subsequent to the ordinance or order creating the zone; or
2-2 (2) the date on which all project costs, tax increment
2-3 bonds[7] and interest on those bonds, and other obligations have
2-4 been paid in full.

2-5 (b) The tax increment pledged to the payment of bonds and
2-6 interest on the bonds and to the payment of any other obligations
2-7 may be discharged and the reinvestment zone may be terminated if the
2-8 municipality or county that created the zone deposits or causes to
2-9 be deposited with a trustee or other escrow agent authorized by law
2-10 funds in an amount that, together with the interest on the
2-11 investment of the funds in direct obligations of the United States,
2-12 will be sufficient to pay the principal of, premium, if any, and
2-13 interest on all bonds issued on behalf of the reinvestment zone at
2-14 maturity or at the date fixed for redemption of the bonds, and to
2-15 pay any other amounts that may become due, including compensation
2-16 due or to become due to the trustee or escrow agent, as well as to
2-17 pay the principal of and interest on any other obligations incurred
2-18 on behalf of the zone.

2-19 SECTION 4. This Act takes effect immediately if it receives
2-20 a vote of two-thirds of all the members elected to each house, as
2-21 provided by Section 39, Article III, Texas Constitution. If this
2-22 Act does not receive the vote necessary for immediate effect, this
2-23 Act takes effect September 1, 2007.

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