

## **BILL ANALYSIS**

H.B. 752  
By: England  
Ways & Means  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

A tax increment financing reinvestment zone is a financial tool used by local governments to finance certain capital improvements in a designated area. In 1999, the 76th Legislature, Regular Session, prohibited school districts from entering into future tax increment financing agreements but continued the authority to fulfill existing agreements. In 2001, the 77th Legislature, Regular Session, authorized certain cities to enter into an agreement with a school district located partially or wholly within a zone created by that municipality and to dedicate revenue from the zone to the school district to finance the acquisition, construction, or reconstruction of an educational facility. However, the law that was written applied only to municipalities with a population of less than 120,000. As a city's population grows, it can exceed this limit and thus inadvertently cease to qualify under that section of law.

H.B. 752 increases, from less than 120,000 to less than 130,000, the maximum population limit for a municipality that is authorized to enter into a new agreement, or amend an existing agreement, with a school district that is located in whole or in part in a reinvestment zone created by the municipality to dedicate revenue from the zone's tax increment fund to the school district for acquiring, constructing, or reconstructing an educational facility located in or outside of the zone.

### **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**

H.B. 752 amends the Tax Code to increase, from less than 120,000 to less than 130,000, the maximum population limit for a municipality that is authorized to enter into a new agreement, or amend an existing agreement, with a school district that is located in whole or in part in a reinvestment zone created by the municipality to dedicate revenue from the zone's tax increment fund to the school district for acquiring, constructing, or reconstructing an educational facility located in or outside of the zone. The bill maintains the existing requirement that makes this provision applicable only to a municipality in the revised population bracket that has territory in three counties. The bill clarifies that a municipality's population is as shown by the 2000 federal decennial census.

### **EFFECTIVE DATE**

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.