

BILL ANALYSIS

H.B. 3111
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Texas public universities that need to build additional facilities to accommodate a growing student body have limited options for financing construction of the new facilities.

H.B. 3111 authorizes the commissioners court of Bexar County to designate a contiguous geographic area in the jurisdiction of the county to be a reinvestment zone and requires the designated area to include land that the county owns or proposes to acquire and on which the county proposes to construct a building or facility for use by an institution of higher education selected by the county. The bill provides for the administration of and financing for 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. 3111 amends the Tax Code to authorize the commissioners court of Bexar County to designate by order a contiguous geographic area in the jurisdiction of the county to be a reinvestment zone. The bill requires the designated area to include land that the county owns or proposes to acquire and on which the county proposes to construct a building or facility for use by an institution of higher education selected by the county. The bill requires the order designating an area as the reinvestment zone to describe the boundaries of the zone, create a board of directors for the zone and specify the number of directors of the board, provide that the zone take effect immediately on adoption of the order, provide a date for termination of the zone, specify the powers of the county that are delegated to the board for the zone, and establish a tax increment fund for the zone. The bill authorizes the county to acquire real property by purchase, condemnation, or other means and construct a building or facility for use by an institution of higher education selected by the commissioners court.

H.B. 3111 establishes the minimum and maximum number of members on the board of directors of the reinvestment zone, provides for the appointment of board members, sets two year staggered terms of service, provides for filling a board vacancy, and sets out eligibility requirements for appointment to the board. The bill requires the commissioners court to appoint one member of the board each year to serve as presiding officer for a term of one year that begins on January 1 of the following year. The bill authorizes the board to elect an assistant presiding officer to preside in the absence of the presiding officer or when there is a vacancy in the office of presiding officer and to elect other officers as it considers appropriate. The bill establishes that a member of the board is not a public official by virtue of that position.

H.B. 3111 sets out the powers and duties of the board concerning the administration of the Bexar County Tax Increment Financing Act and requires the board to prepare and adopt a project plan and a reinvestment zone financing plan for the zone and to submit the plans to the commissioners court. The bill requires the project plan to include a map showing existing uses

of real property in the zone and a map showing the proposed building or facility and a statement of a method of relocating persons to be displaced as a result of implementing the plan. The bill requires the reinvestment zone financing plan to include a detailed list describing the estimated cost of the proposed building or facility, a statement describing the proposed building or facility and specifying the institution of higher education for which the proposed building or facility is to be constructed, the estimated amount of bonded indebtedness to be incurred, the time when related costs or monetary obligations are to be incurred, a description of the methods of financing the acquisition of land and the construction of the building or facility, including the percentage of tax increment to be derived from the property taxes of each taxing unit that levies taxes on real property in the zone, the current total appraised value of taxable real property in the zone, the estimated captured appraised value of the zone during each year of its existence, and the duration of the zone. The bill requires the commissioners court by order to approve the project plan or reinvestment zone financing plan after its adoption by the board if the commissioners court finds that the plan is feasible.

H.B. 3111 establishes that the amount of a taxing unit's tax increment for a year is the amount of property taxes levied and collected by the unit for that year on the captured appraised value of real property taxable by the unit and located in the reinvestment zone. The bill establishes that the captured appraised value of real property taxable by a taxing unit for a year is the total appraised value of all real property taxable by the unit and located in the reinvestment zone for that year less the tax increment base of the unit. The bill establishes that the tax increment base of a taxing unit is the total appraised value of all real property taxable by the unit and located in the reinvestment zone for the year in which the zone was designated.

H.B. 3111 establishes procedures for the collection and deposit of tax increments by each taxing unit that taxes real property located in the reinvestment zone not later than the 90th day after the delinquency date for the unit's property taxes. The bill provides that a delinquent payment incurs a penalty of five percent of the amount delinquent and accrues interest at an annual rate of 10 percent. The bill clarifies that a taxing unit is not required to pay into the tax increment fund the applicable portion of a tax increment attributable to delinquent taxes until those taxes are collected. The bill requires all revenues from the sale of tax increment bonds or notes and other revenues to be used in the reinvestment zone, in addition to the required tax increment deposits, to be deposited in the tax increment fund. The bill establishes the purposes for which money in the fund may be disbursed and provides for the temporary investment of money in the fund. The bill requires any money remaining after all project costs, all tax increment bonds or notes issued for a reinvestment zone, and any other obligations incurred for the zone have been paid, and subject to any agreement with bondholders, to be paid to the county and all other taxing units levying taxes on property in the zone in proportion to the respective share of the total amount of tax increments derived from taxable real property in the zone that were deposited in the fund during the fund's existence. The bill establishes that the county has the same authority as a municipality for purposes of tax increment bonds and notes issued under the Bexar County Tax Increment Financing Act.

H.B. 3111 provides for termination of the reinvestment zone. The bill makes its provisions applicable only to Bexar County and real property in that county. The bill defines "board," "commissioners court," "county," and "taxing unit."

EFFECTIVE DATE

January 1, 2010, but only if the constitutional amendment authorizing Bexar County to issue bonds or notes to finance the acquisition of real property and the construction of a building or facility on the property for use by an institution of higher education and to pledge for repayment of those bonds or notes increases in revenues from property taxes imposed by the county and other political subdivisions on property located in a designated area of the county is approved by the voters.