

## **BILL ANALYSIS**

C.S.H.B. 3465  
By: Sheffield  
Economic & Small Business Development  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties note that certain tax increment financing reinvestment zones may be created for a 40-year term and may subsequently be extended for another 40 years by city ordinance. Participating taxing entities in the zone may pass ordinances or authorizations to continue to participate in the zone but others, such as local school districts, may leave the request pending while requesting clarification on whether the district's continued participation in the zone would affect the amount of state aid the district receives. The interested parties assert that legislation is needed to provide clarity regarding the ability of a school district to deduct the value of the tax increment for purposes of determining the value of taxable property in the district. C.S.H.B. 3465 seeks to clarify the period for which a school district's participation in certain tax increment financing investment zones may be taken into account for that purpose.

### **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**

C.S.H.B. 3465 amends the Government Code, in provisions relating to determination of school district property values that are applicable only to a reinvestment zone created by a municipality that has a population of 70,000 or less and is located in a county in which all or part of a military installation is located, to limit the number of years a school district may deduct the total dollar amount of any captured appraised value of property in a reinvestment zone from the total taxable value of property in the district to the duration of the zone as determined under Tax Increment Financing Act provisions relating to termination of a reinvestment zone if the municipality adopts an ordinance on or after January 1, 2017, designating a termination date for the zone that is later than the termination date designated in the ordinance creating the zone.

### **EFFECTIVE DATE**

September 1, 2011.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 3465 omits provisions contained in the original relating to economic development by certain municipalities.

C.S.H.B. 3465 differs from the original by adding provisions to the law relating to determination of school district property values, whereas the original amends existing provisions and makes the provisions apply only under certain conditions relating to economic development by certain municipalities. The substitute contains provisions not included in the original relating to the period for which a school district's participation in certain tax increment financing reinvestment

zones may be taken into account in determining the total taxable value of property in the school district.