

BILL ANALYSIS

S.B. 627
By: Davis
Economic & Small Business Development
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, the commissioners courts in certain counties are responsible for approving the budgets and setting the tax rate for hospital districts located in those counties. To address the issue of hospital district participation in economic development programs, previous legislatures have granted such commissioners courts authority to make decisions regarding the abatement of hospital district taxes for economic development. The Property Redevelopment and Tax Abatement Act, for example, allows a commissioners court to enter into agreements on behalf of the hospital district to abate hospital district taxes in a reinvestment zone.

Interested parties suggest that a commissioners court's authority to make decisions regarding a hospital district's tax levy should be expanded to encompass the use of other economic development tools, such as tax increment financing (TIF) agreements.

S.B. 627 seeks to address such matters by establishing provisions relating to the participation by certain taxing units in tax increment financing and the payment of tax increments into the tax increment fund for a reinvestment 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

S.B. 627 amends the Tax Code to authorize a county commissioners court that enters into an agreement with the governing body of a municipality for the purpose of paying into a reinvestment zone's tax increment fund the county's tax increment produced from property located in the zone to enter into an agreement with the municipality's governing body on behalf of a taxing unit other than the county, excluding certain hospital districts, if by statute the other taxing unit's property tax rate is approved by the commissioners court or the commissioners court is expressly required by statute to levy the other taxing unit's property taxes. The bill establishes that the agreement entered into on the other taxing unit's behalf is not required to contain the same conditions as the agreement entered into on the county's behalf and that the authorization to enter into agreements on another taxing unit's behalf does not authorize the commissioners court to enter into such an agreement solely because the county tax assessor-collector is required by law to assess or collect the taxing unit's property taxes. The bill excludes the hospital districts of Bexar, Nueces, El Paso, and Harris Counties from the application of these provisions.

S.B. 627 authorizes the commissioners court of a county that creates a reinvestment zone to provide by order for the payment into the zone's tax increment fund of a portion of the tax increment produced by a taxing unit other than the county, excluding certain hospital districts, if by statute the other taxing unit's property tax rate is approved by the commissioners court or the commissioners court is expressly required by statute to levy the other taxing unit's property

taxes. The bill authorizes the order to include conditions for payment of that tax increment into the fund that are different from the conditions applicable to the county's obligation to pay into the fund the tax increment produced by the county. The bill establishes that the authorization to provide by order for the payment into the zone's tax increment fund of a portion of the tax increment produced by another taxing unit does not authorize the commissioners court to provide for such payment solely because the county tax assessor-collector is required by law to assess or collect the taxing unit's property taxes. The bill excludes the hospital districts of Bexar, Nueces, El Paso, and Harris Counties from the application of these provisions.

S.B. 627 changes the deadline for a taxing unit to make a payment into the tax increment fund for a reinvestment zone from not later than the 90th day after the delinquency date for the unit's property taxes to not later than the 90th day after that date or the 90th day after the date the municipality or county that created the zone submits to the taxing unit an invoice specifying the tax increment produced by the taxing unit and the amount the taxing unit is required to pay into the tax increment fund for the zone, whichever day is later, unless otherwise specified by an agreement between the taxing unit and the municipality or county that created the zone.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.