

BILL ANALYSIS

Senate Research Center
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S.B. 627
By: Davis
Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

To address the issue of certain hospital districts participating in economic development programs, such as tax abatements, previous legislative sessions have granted authority to make decisions regarding the abatement of taxes for economic development purposes to a commissioners court, which is the governing body responsible for approving the budgets and setting the tax rate for certain of these districts.

Chapter 312 (Property Redevelopment and Tax Abatement Act), Tax Code, contains a clear and specific provision allowing a commissioners court to enter into agreements on behalf of the hospital district for tax abatements. The rationale behind this language is that the commissioners court is responsible for adopting the budget and setting the tax rate for the hospital district, and, therefore, it is appropriate that it should make tax-related decisions for the district.

Other economic development tools, such as tax increment financing (TIF) agreements, should be treated with the same regard for a commissioners court's responsibility.

S.B. 627 seeks to place such a provision into Chapter 311 (Tax Increment Financing Act), Tax Code, applying to those hospital districts allowed to participate in TIF agreements.

In addition, S.B. 627 adds language to Section 311.013 (Collection and Deposit of Tax Increments), Tax Code, clarifying the date when the TIF payment is due. Payments into the TIF fund will now be the later of 90 days after the delinquency date of the unit's property taxes or 90 days after the creating unit submits an invoice specifying the tax increment amount owed.

As proposed, S.B. 627 amends current law 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

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 311.013, Tax Code, by amending Subsection (c) and adding Subsections (c-1), (f-1), and (f-2), as follows:

(c) Requires a taxing unit, notwithstanding any termination of the reinvestment zone under Section 311.017(a) (relating to termination of a reinvestment zone), to make a payment required by Subsection (b) (relating to the amount each taxing unit is required to pay into the tax increment fund for the zone) not later than the 90th day after the later of:

(1) the delinquency date for the unit's property taxes; or

(2) 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.

(c-1) Creates this subsection from existing text. Makes no further changes.

(f-1) Provides that this subsection does not apply to a hospital district to which Section 281.095 (Prohibition Against Participation in Tax Increment Financing by Certain Hospital Districts), Health and Safety Code, applies. Authorizes the commissioners court of a county that enters into an agreement with the governing body of a municipality under Subsection (f) (relating to not requiring a taxing unit to pay into the tax increment fund), notwithstanding Subsection (f), to enter into an agreement with the governing body of the municipality under that subsection on behalf of a taxing unit other than the county if by statute the ad valorem tax rate of the other taxing unit is approved by the commissioners court or the commissioners court is expressly required by statute to levy the ad valorem taxes of the other taxing unit. Provides that the agreement entered into on behalf of the other taxing unit is not required to contain the same conditions as the agreement entered into on behalf of another taxing unit solely because the county tax assessor-collector is required by law to assess or collect the taxing unit's ad valorem taxes.

(f-2) Provides that this subsection does not apply to a hospital district to which Section 281.095, Health and Safety Code, applies. Authorizes the commissioners court of a county that creates a zone, notwithstanding Subsection (f), to provide by order for the payment into the tax increment fund for the zone of a portion of the tax increment produced by a taxing unit other than the county if by statute the ad valorem tax rate of the other taxing unit is approved by the commissioners court or the commissioners court is expressly required by statute to levy the ad valorem taxes of the other taxing unit. 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. Provides that this subsection does not authorize the commissioners court of a county to provide for the payment into the fund of a portion of the tax increment produced by another taxing unit solely because the county tax assessor-collector is required by law to assess or collect the taxing unit's ad valorem taxes.

SECTION 2. Makes application of this Act to a taxing unit's tax increment, prospective.

SECTION 3. Effective date: upon passage or September 1, 2011.