

By: Pickett

H.B. No. 629

A BILL TO BE ENTITLED

AN ACT

relating to the use of municipal or county sales tax increment
financing for a transportation reinvestment zone.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 222.106(g), Transportation Code, is
amended to read as follows:

(g) The ordinance designating an area as a transportation
reinvestment zone must:

(1) describe the boundaries of the zone with
sufficient definiteness to identify with ordinary and reasonable
certainty the territory included in the zone;

(2) provide that the zone takes effect immediately on
passage of the ordinance;

(3) assign a name to the zone for identification, with
the first zone designated by a municipality designated as
"Transportation Reinvestment Zone Number One, (City or Town, as
applicable) of (name of municipality)," and subsequently
designated zones assigned names in the same form, numbered
consecutively in the order of their designation;

(4) establish a an ~~an ad valorem~~ tax increment account
for the zone; and

(5) contain findings that promotion of the
transportation project will cultivate development or redevelopment
of the zone.

SECTION 2. Subchapter E, Chapter 222, Transportation Code, is amended by adding Section 222.108 to read as follows:

Sec. 222.108. SALES TAX INCREMENT. (a) In this section, "sales tax base" for a transportation reinvestment zone means the amount of sales and use taxes imposed by a municipality under Section 321.101(a), Tax Code, or by a county under Chapter 323, Tax Code, as applicable, attributable to the zone for the year in which the zone was designated under this chapter.

(b) The governing body of a municipality or county may determine, in an ordinance or order designating an area as a transportation reinvestment zone or in an ordinance or order adopted subsequent to the designation of a zone, the portion or amount of tax increment generated from the sales and use taxes imposed by a municipality under Section 321.101(a), Tax Code, or by a county under Chapter 323, Tax Code, attributable to the zone, above the sales tax base, to be used as provided by Subsection (e). Nothing in this section requires a municipality or county to contribute sales tax increment under this subsection.

(c) A county that designates a portion or amount of sales tax increment under Subsection (b) must establish a tax increment account. A municipality or county shall deposit the designated portion or amount of tax increment under Subsection (b) to their respective tax increment account.

(d) Before pledging or otherwise committing money in the tax increment account under Subsection (c), the governing body of a municipality or county may enter into an agreement, under Subchapter E, Chapter 271, Local Government Code, to authorize and

1 direct the comptroller to:

2 (1) withhold from any payment to which the
3 municipality or county may be entitled the amount of the payment
4 into the tax increment account under Subsection (b);

5 (2) deposit that amount into the tax increment
6 account; and

7 (3) continue withholding and making additional
8 payments into the tax increment account until an amount sufficient
9 to satisfy the amount due has been met.

10 (e) The sales and use taxes to be deposited into the tax
11 increment account under this section may be disbursed from the
12 account only to:

13 (1) pay for projects authorized under Section 222.104,
14 including the repayment of amounts owed under an agreement entered
15 into under that section; and

16 (2) notwithstanding Sections 321.506 and 323.505, Tax
17 Code, satisfy claims of holders of tax increment bonds, notes, or
18 other obligations issued or incurred for projects authorized under
19 Section 222.104.

20 (f) The amount deposited by a county to a tax increment
21 account under this section is not considered to be sales and use tax
22 revenue for the purpose of property tax reduction and computation
23 of the county tax rate under Section 26.041, Tax Code.

24 SECTION 3. This Act takes effect immediately if it receives
25 a vote of two-thirds of all the members elected to each house, as
26 provided by Section 39, Article III, Texas Constitution. If this
27 Act does not receive the vote necessary for immediate effect, this

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1 Act takes effect September 1, 2011.