

By: Garcia, Bettencourt

S.B. No. 1765

A BILL TO BE ENTITLED

AN ACT

relating to tax increment reinvestment zone transparency and
accountability.

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

SECTION 1. Section 311.004, Tax Code, is amended by adding
Subsection (d) to read as follows:

(d) For purposes of Subsection (a)(4), an ordinance or order
designating a reinvestment zone that is adopted on or after
September 1, 2017, must provide that the zone terminates not later
than the 10th anniversary of the date on which the ordinance or
order designating the zone is adopted.

SECTION 2. Section 311.005(a), Tax Code, is amended to read
as follows:

(a) To be designated as a reinvestment zone, an area must:

(1) substantially arrest or impair the sound growth of
the municipality or county designating the zone, retard the
provision of housing accommodations, or constitute an economic or
social liability and be a menace to the public health, safety,
morals, or welfare in its present condition and use because of the
presence of:

(A) a substantial number of substandard, slum,
deteriorated, or deteriorating structures;

(B) the predominance of defective or inadequate
sidewalk or street layout;

- 1 (C) faulty lot layout in relation to size,
2 adequacy, accessibility, or usefulness;
- 3 (D) unsanitary or unsafe conditions;
- 4 (E) the deterioration of site or other
5 improvements;
- 6 (F) tax or special assessment delinquency
7 exceeding the fair value of the land;
- 8 (G) defective or unusual conditions of title;
- 9 (H) conditions that endanger life or property by
10 fire or other cause; or
- 11 (I) structures, other than single-family
12 residential structures, less than 10 percent of the square footage
13 of which has been used for commercial, industrial, or residential
14 purposes during the preceding 12 years, if the municipality has a
15 population of 100,000 or more;
- 16 (2) be predominantly open or undeveloped and, because
17 of obsolete platting, deterioration of structures or site
18 improvements, or other factors, substantially impair or arrest the
19 sound growth of the municipality or county;
- 20 (3) be in a federally assisted new community located
21 in the municipality or county or in an area immediately adjacent to
22 a federally assisted new community; or
- 23 (4) be an area that is:
- 24 (A) described in a petition requesting that the
25 area be designated as a reinvestment zone, if the petition is
26 submitted to the governing body of the municipality or county by the
27 owners of property constituting at least 50 percent of the

1 appraised value of the property in the area according to the most
2 recent certified appraisal roll for the county in which the area is
3 located; and

4 (B) unproductive, underdeveloped, or blighted.

5 SECTION 3. The heading to Section 311.007, Tax Code, is
6 amended to read as follows:

7 Sec. 311.007. CHANGING BOUNDARIES OR TERM OF EXISTING ZONE;
8 LIMITATION ON EXTENSION OF TERM.

9 SECTION 4. Section 311.007, Tax Code, is amended by
10 amending Subsection (c) and adding Subsections (d), (e), and (f) to
11 read as follows:

12 (c) Subject to Subsections (d) and (e), the ~~[The]~~ governing
13 body of the municipality or county that designated a reinvestment
14 zone by ordinance or resolution or by order or resolution,
15 respectively, may extend the term of all or a portion of the zone
16 after notice and hearing in the manner provided for the designation
17 of the zone. A taxing unit other than the municipality or county
18 that designated the zone is not required to participate in the zone
19 or portion of the zone for the extended term unless the taxing unit
20 enters into a written agreement to do so.

21 (d) Except as provided by Subsections (e) and (f), the term
22 of all or any portion of a reinvestment zone may not be extended
23 beyond the 10th anniversary of the date on which the ordinance or
24 order designating the zone is adopted.

25 (e) This subsection applies only to a reinvestment zone
26 designated before September 1, 2017, the term of which extends
27 beyond the period prescribed by Subsection (d). Except as provided

1 by Subsection (f), a reinvestment zone to which this subsection
2 applies must terminate on the earlier of:

3 (1) the termination date expressed in the ordinance or
4 order designating the zone or an earlier termination date
5 designated by an ordinance or order adopted under Subsection (c);
6 or

7 (2) the date on which all project costs, tax increment
8 bonds and interest on those bonds, and other obligations of the zone
9 have been paid in full.

10 (f) The term of all or any portion of a reinvestment zone may
11 be extended beyond the date prescribed by Subsection (d) or (e) only
12 if the extension is approved by the voters of the zone voting at an
13 election held for that purpose.

14 SECTION 5. The heading to Section 311.009, Tax Code, is
15 amended to read as follows:

16 Sec. 311.009. [~~COMPOSITION—OF~~] BOARD OF DIRECTORS;
17 OFFICERS.

18 SECTION 6. Section 311.009, Tax Code, is amended by adding
19 Subsection (c-1) to read as follows:

20 (c-1) This subsection applies only to a member of a board of
21 directors of a reinvestment zone designated by a municipality that
22 limits the number of terms that a member of the governing body of
23 the municipality may serve on that governing body. The limitation
24 on the number of terms that a member of the governing body of the
25 municipality may serve on that governing body applies to the number
26 of terms that a member of the board of directors may serve on that
27 board.

1 SECTION 7. The heading to Section 311.0091, Tax Code, is
2 amended to read as follows:

3 Sec. 311.0091. [~~COMPOSITION OF~~] BOARD OF DIRECTORS OF
4 CERTAIN REINVESTMENT ZONES; OFFICERS.

5 SECTION 8. Section 311.0091, Tax Code, is amended by adding
6 Subsection (d-1) to read as follows:

7 (d-1) Section 311.009(c-1) applies to a member of the board
8 appointed under this section.

9 SECTION 9. Chapter 311, Tax Code, is amended by adding
10 Section 311.0195 to read as follows:

11 Sec. 311.0195. MUNICIPAL TRANSPARENCY WEB PAGE. (a) This
12 section applies only to a municipality that has designated a
13 reinvestment zone under this chapter.

14 (b) A municipality shall maintain an Internet website to
15 comply with this section.

16 (c) A municipality shall maintain on the municipality's
17 Internet website a web page dedicated to providing transparency to
18 the residents of the municipality regarding each reinvestment zone
19 designated by the municipality under this chapter. The municipality
20 shall post the following documents and information for each
21 reinvestment zone designated by the municipality on the web page as
22 soon as the document or information is available:

23 (1) the ordinance designating an area as the zone;

24 (2) the project plan adopted for the zone under
25 Section 311.011;

26 (3) the reinvestment zone financing plan adopted for
27 the zone under Section 311.011;

- 1 (4) the annual report for the zone required by Section
2 311.016;
- 3 (5) each agreement entered into between the board of
4 directors of the zone and the municipality;
- 5 (6) the budget and annual financial report prepared
6 for the zone, if applicable;
- 7 (7) a comprehensive explanation of:
- 8 (A) the criteria described by Section 311.005
9 that formed the basis for the municipality's designation of the
10 zone;
- 11 (B) the project plan adopted for the zone;
- 12 (C) the reinvestment zone financing plan adopted
13 for the zone;
- 14 (D) the benefits that are projected to result
15 from designation of the zone, including any projected increase in
16 tax revenue or projected creation of new jobs; and
- 17 (E) the date the zone will be terminated;
- 18 (8) comprehensive financial information for the tax
19 increment fund for the zone, including:
- 20 (A) the amount of revenue deposited to the fund;
- 21 (B) the amount of disbursements from the fund;
- 22 (C) the amount of project costs and a description
23 of those costs; and
- 24 (D) a list of all persons receiving money from
25 the fund;
- 26 (9) the agenda and minutes of each public meeting of
27 the board of directors of the zone;

1 (10) the contact information of a municipal officer or
2 employee who can answer questions regarding the zone;

3 (11) the contact information for each member of the
4 board of directors of the zone; and

5 (12) any other document or information that the
6 governing body of the municipality considers appropriate to be
7 posted on the web page.

8 (d) A municipality may not remove a document or item of
9 information required to be posted under Subsection (c) from the
10 transparency web page until the 10th anniversary of the date the
11 applicable reinvestment zone is terminated.

12 (e) The requirements prescribed by this section are in
13 addition to any other requirement prescribed by law.

14 SECTION 10. Section 311.005(a), Tax Code, as amended by
15 this Act, applies only to a reinvestment zone designated on or after
16 the effective date of this Act. A reinvestment zone designated
17 before the effective date of this Act, is governed by the law as it
18 existed immediately before the effective date of this Act, and that
19 law is continued in effect for that purpose.

20 SECTION 11. The changes in law made by this Act to Sections
21 311.009 and 311.0091, Tax Code, do not affect the eligibility of a
22 person serving on a board of directors of a reinvestment zone
23 immediately before the effective date of this Act to continue to
24 serve on the board for the term to which the member was appointed.

25 SECTION 12. This Act takes effect September 1, 2017.