

- SUBJECT:** Spending TIF money on schools outside tax increment reinvestment zones
- COMMITTEE:** Ways and Means — favorable, without amendment
- VOTE:** 10 ayes — Oliveira, McCall, Craddick, Hartnett, Bonnen, Y. Davis, Heflin, Keffer, Ramsay, Ritter
- 0 nays
- 1 absent — Hilbert
- WITNESSES:** For — Tom Hart, City of Grand Prairie
- Against — None
- BACKGROUND:** The Tax Increment Financing Act (Tax Code, chapter 311) allows cities to create tax increment reinvestment zones. These zones are designed to spur economic development by dedicating to infrastructure enhancements within the zones the additional tax revenue generated by higher taxable property values derived from private improvements and/or capital investments made within the zones. The additional revenue, or increment, is deposited into a tax increment fund (TIF) dedicated to infrastructure expenditures within the zone. Other taxing entities, including school districts, may participate in these zones.
- The Cedar Hill Independent School District participates in a zone located in Grand Prairie on a peninsula of Joe Pool Reservoir. The peninsula is undergoing resort development but is not suitable for a school. The district would like to use TIF money to build a new school outside the zone.
- DIGEST:** HB 2682 would add allow a city with less than 120,000 population that has territory in three counties to make new agreements, or amend existing agreements, with school districts located partially or wholly within a reinvestment zone to spend TIF money to acquire, build, or rebuild educational facilities located in or outside of the zone.
- The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2001.

NOTES:

Although the bill apparently would apply only to the Grand Prairie situation now, the bill also potentially could apply to the cities of Aransas Pass, Fair Oaks Ranch, Grapevine, Katy, Lytle, Mansfield, Pearland, Schertz, Seabrook, Selma, and Wylie.