

SUBJECT: Revised regulations for tax increment financing reinvestment zones

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 11 ayes — Hilderbran, Otto, Christian, Elkins, Gonzalez, Lyne, Martinez Fischer, Murphy, Ritter, Villarreal, Woolley

0 nays

WITNESSES: For — John Kuhl, Jody Richardson, Community Redevelopment Coalition; Trey Lary, Allen Boone Humphries Robinson LLP

Against — None

BACKGROUND: The Tax Increment Financing Act (Tax Code, ch. 311) permits cities and counties to designate tax increment financing reinvestment zones to acquire blighted or undeveloped real estate to preserve or protect historic sites, implement beautification and redevelopment projects, or acquire, construct, reconstruct, or install public works, facilities, or other public improvements in a specified area.

Tax Code, sec. 311.009(a) establishes a tax reinvestment zone governing board of five to 15 members. Each taxing unit of the zone, other than the city or county that created it, may appoint one member. Tax Code, sec. 311.0091(f) requires a member of the board to be a qualified voter, at least 18 years old, and own property in the zone or be an employee or agent of a property owner in the zone.

DIGEST: CSHB 3275 would amend Tax Code, ch. 311 to:

- allow a taxing unit other than the city or county that created the zone to appoint a board member if the taxing unit had approved the payment of the tax increment produced by the unit into the zone's tax increment fund;
- specify that the eligibility criteria for board members in Tax Code, sec. 311.0091(f) do not apply to individuals appointed by a conservation and reclamation district with a jurisdiction of four counties;

- add counties as an entity authorized to designate the area of a tax reinvestment zone; and
- change the deadline for the city or county governing body to submit financial reports, including reports and audits, to the chief executive of the taxing unit from 90 to 150 days.

The bill would take effect September 1, 2011.

**SUPPORTERS
SAY:**

CSHB 3275 would make straightforward and simple changes to give conservation and reclamation districts some flexibility in appointing tax reinvestment zone members and clarify that counties as well as cities could initiate the creation of such districts. The change in qualifications for appointments by conservation and reclamation districts would have only a limited effect. Allowing a longer deadline for submission of financial reports would ease administrative burdens on the city or county governing bodies, which have limited support staff and would still provide information on a timely basis to the taxing entities.

**OPPONENTS
SAY:**

No apparent opposition.