

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1771
By: Shapiro
Natural Resources
4/22/1999
Committee Report (Substituted)

DIGEST

The Dallas County Utility and Reclamation District (district) was created in 1972 as a Texas Water Code Chapter 4 District, Dallas County Municipal Utility District #1. In 1983, the district was converted to a Special Law District by the 68th Legislature. Further legislation has authorized the district to enter into tax abatement agreements for as long as thirty years. This bill revises the tax abatement procedures and agreements of the district and validates certain acts of the district.

PURPOSE

As proposed, C.S.S.B. 1771 revises the tax abatement procedures and agreements of the Dallas County Utility and Reclamation District (district) and validates certain acts of the district.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 4B, Chapter 628, Acts of the 68th Legislature, Regular Session, 1983, by amending Subdivisions (3) and (5)-(8) and adding Subdivisions (9)-(15), as follows:

(3) Authorizes the Dallas County Utility and Reclamation District's (district) governing body to designate as a reinvestment zone for a period of 50 years or until the termination of all outstanding tax abatement agreements, whichever occurs last, an area within its boundaries that satisfies the requirements of Section 312.202, Tax Code. (5) Requires, rather than authorizes, the district to enter into tax abatement agreements for single-family residential property, as defined by the district, for periods of 50 years, and for property other than single-family residential property for certain other periods. (6) Provides that tax abatement agreements are subject to the rights of credit providers of the district, including holders of tax-supported bonds, regardless of when the bonds were issued. (7) Requires a tax abatement agreement to provide that the portion of the taxable value of the property subject to the agreement that exceeds the taxable value of the property for the year in which notice for the project to which the agreement pertains is submitted is subject to a certain effective tax rate and exempt from taxation if the property is single-family residential property, except as provided by Subdivision (8). (8) Provides that this subdivision applies only to a tax abatement agreement pertaining to a project for which notice is submitted in 2001 or later, but does not apply to single-family residential property. Provides that the applicable effective tax rate under Subdivision (7) is increased by the amount that the district's debt rate at the time the notice for the project to which the tax abatement agreement pertains is submitted exceeds 90 cents for each \$100 of taxable value of property, but may not exceed 75 cents for each \$100 of taxable value of property. (9) Authorizes the district to enter into tax abatement agreements with owners of real and personal property within the district for a proposed projects. (10) Requires the district to adopt guidelines and criteria governing tax abatement agreements by the district. Requires the guidelines and criteria to specify the criteria for an eligible project. Provides that the guidelines and criteria are effective until the termination of all outstanding tax abatement agreements. Authorizes the district to amend the guidelines and criteria by a vote of a majority of the members of the board of directors of the district. (11) Requires the district to adopt a form of tax abatement agreement to be used by the district. (12) Sets forth certain restrictions on a tax abatement agreement entered into by the district. (13) Provides that tax abatement agreements entered into by the district are not required to contain identical terms as other tax abatement agreements, covering the same property entered into by other taxing units, or different property entered into by the district. (14)-

(15) Makes conforming and nonsubstantive changes.

SECTION 2. Provides that the creation of the Dallas County Utility and Reclamation District and all elections held, all contracts executed, all bonds and other obligations issued by the district and the expenditure of funds in payment or satisfaction thereof, all sales and donations of assets, all tax rate reduction agreements, and all governmental and proprietary actions are validated, ratified, and confirmed. Authorizes all bonds and maintenance taxes approved at elections held within the district before the effective date of this Act to be issued, levied, and collected by the board of directors of the district without the necessity of any further elections. Provides that the form of tax abatement agreements adopted by the board of the district is validated, ratified, and confirmed.

SECTION 3. Provides that the proper and legal notice of the intention to introduce this Act has been published as provided by law, and the notice and a copy of this Act have been furnished to all required persons, agencies, officials, or entities. Provides that the Texas Natural Resource Conservation Commission (TNRCC) has filed its recommendations relating to this Act with the governor, lieutenant governor, and speaker of the house of representatives within the required time. Provides that all legal requirements and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 4. Effective date: September 1, 1999.

SECTION 5. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

Relating clause.

Amends the relating clause to provide that this legislation relates to the Dallas County Utility and Reclamation District tax abatement agreements.

SECTION 1.

Amends Section 4B, Chapter 628, Acts of the 68th Legislature, Regular Session, 1983, by amending Subdivisions (3) and (5)-(8) and adding Subdivisions (9)-(15), as follows:

(3) Authorizes the Dallas County Utility and Reclamation District's (district) governing body to designate as a reinvestment zone for a period of 50 years or until the termination of all outstanding tax abatement agreements, whichever occurs last, an area within its boundaries that satisfies the requirements of Section 312.202, Tax Code. (5) Requires, rather than authorizes, the district to enter into tax abatement agreements for single-family residential property, as defined by the district, for periods of 50 years, and for property other than single-family residential property for certain other periods. (6) Provides that tax abatement agreements are subject to the rights of credit providers of the district, including holders of tax-supported bonds, regardless of when the bonds were issued. (7) Requires a tax abatement agreement to provide that the portion of the taxable value of the property subject to the agreement that exceeds the taxable value of the property for the year in which notice for the project to which the agreement pertains is submitted is subject to a certain effective tax rate and exempt from taxation if the property is single-family residential property, except as provided by Subdivision (8). (8) Provides that this subdivision applies only to a tax abatement agreement pertaining to a project for which notice is submitted in 2001 or later, but does not apply to single-family residential property. Provides that the applicable effective tax rate under Subdivision (7) is increased by the amount that the district's debt rate at the time the notice for the project to which the tax abatement agreement pertains is submitted exceeds 90 cents for each \$100 of taxable value of property, but may not exceed 75 cents for each \$100 of taxable value of property. (9) Authorizes the district to enter into tax abatement agreements with owners of real and personal property within the district for a proposed projects. (10) Requires the district to adopt guidelines and criteria governing tax abatement agreements by the district. Requires the guidelines and criteria to specify the criteria for an eligible project. Provides that the guidelines and criteria are effective until the termination of all outstanding tax abatement agreements. Authorizes the district to amend the guidelines and criteria by a vote of a majority of the members of the board of directors of the district. (11) Requires the district to adopt a form of tax abatement agreement to be used by the district. (12) Sets forth certain restrictions on a tax abatement agreement entered

into by the district. (13) Provides that tax abatement agreements entered into by the district are not required to contain identical terms as other tax abatement agreements, covering the same property entered into by other taxing units, or different property entered into by the district. (14)-(15) Makes conforming and nonsubstantive changes.

Deletes proposed text requiring the district to enter into tax abatement agreements for periods not to exceed 25 years, rather than 30 years, pursuant to a certain term schedule. Deletes proposed text regarding the required effective tax rate in the tax abatement and development agreements. Deletes proposed text regarding the district's definition of project. Deletes proposed text providing that the form and substance of the district's tax abatement agreement approved by the district's board of directors and identified as "Generic Tax Abatement Agreement" is hereby approved, ratified, and validated. Deletes proposed text requiring the tax abatement project and agreement to be consistent with the district's tax abatement policy guidelines and the requirements of the deed restrictions enforced by the Las Colinas Association or equivalent restrictions enforced by the district, as the sole criteria for the project. Deletes proposed text providing that the tax abatement agreements may include phased projects, do not have to be identical within the same reinvestment zone, may incorporate district's requirements relative to infrastructure, and are valid for a period not to exceed 25 years. Deletes proposed text requiring the provisions of this Act to prevail over any inconsistent provision in Chapter 312, Tax Code. Deletes proposed text providing that policy guidelines and criteria adopted by the district are effective during the effective dates of all tax abatement agreements entered into by the district. Deletes proposed text authorizing the policy guidelines and criteria to be amended from time to time by a vote of the governing body of the district. Deletes proposed text requiring the designation of a reinvestment zone for residential or commercial-industrial tax abatement purposes to be in effect for 25 years or until the termination of all outstanding tax abatement agreements, whichever occurs last. Deletes proposed text providing that the tax abatement agreements entered into within the same reinvestment zone are not required to be identical. Deletes proposed text authorizing a tax abatement agreement to describe the kind, number, and location of all proposed improvements in a general manner subject to change at such time as the specifics of the project are quantified pursuant to a notice of intent to construct the project is submitted to the district. Deletes proposed SECTIONS 2 and 3, regarding legislative intent and legislative findings.

SECTION 2.

Provides that the form of tax abatement agreements adopted by the board of directors of the district is validated, ratified, and confirmed. Redesignates proposed SECTION 4 as SECTION 2. Deletes proposed SECTION 5, setting forth the severability clause.

SECTION 3.

Adds a new section regarding proper notice, TNRCC recommendations, and the fulfillment of all legal requirements.

SECTION 4.

Redesignates proposed SECTIONS 6 and 7 as SECTIONS 4 and 5.