

BILL ANALYSIS

Senate Research Center

H.B. 1468
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Intergovernmental Relations
5/11/2001
Engrossed

DIGEST AND PURPOSE

Tax increment financing is a tool used by local governments to fund development by borrowing against the future tax collections from a property. Under current law, the total taxable value for a unit that participates in a Tax Increment Refinance Zone (TIRZ) includes captured value. Including the captured value in the total tax value causes the taxing unit to have an artificially low effective and rollback tax rate, which is especially detrimental to small communities and counties that are unable to absorb its effects. School districts are the only units allowed to remove the captured value from the calculation of effective and rollback tax rates. H.B. 1468 provides that captured value of any unit, other than a school district, that participates in a TIRZ and that is located in a county with a population of less than 500,000 is excluded from the total taxable value.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 26, Tax Code, by adding Section 26.03, as follows:

Sec. 26.03. TREATMENT OF CAPTURED APPRAISED VALUE AND TAX INCREMENT. Defines "captured appraised value," "reinvestment zone," "tax increment," and "tax increment fund." Provides that this section applies only to certain taxing units. Provides that the portion of the captured appraised value of real property taxable by a taxing unit that corresponds to the portion of the tax increment of the unit from that property that the unit has agreed to pay into the tax increment fund for a reinvestment zone is excluded from the value of property taxable by the unit in any tax rate calculation under this chapter. Provides that the portion of the tax increment of a taxing unit that the unit has agreed to pay into the tax increment fund for a reinvestment zone is excluded from the amount of taxes imposed or collected by the unit in any tax rate calculation under this chapter.

SECTION 2. (a) Provides that, except as provided by Subsection (b) of this section, this Act applies to the tax rate calculations under Chapter 26, Tax Code, for a taxing unit only for a tax year that begins on or after the effective date of this Act.

(b) Provides that this Act applies to the tax rate calculations under Chapter 26, Tax Code, for a taxing unit for the 2001 tax year under certain conditions.

SECTION 3. Effective date: upon passage or September 1, 2001.