

BILL ANALYSIS

Senate Research Center
77R12987 GJH-F

C.S.S.B. 986
By: Duncan
Intergovernmental Relations
4/18/2001
Committee Report (Substituted)

DIGEST AND PURPOSE

Currently, Texas cities give financial incentives by way of tax abatement agreements for the purpose of job creation in their communities. However, a city has no recourse when the requisite job creation is not fulfilled. C.S.S.B. 986 gives cities the statutory authority to recapture lost property tax revenue if the owner of the commercial enterprise fails to create the number of new jobs required by the agreement or the property value does not increase as expected under the agreement.

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 Section 312.205(b), Tax Code, to authorize an agreement made under Section 312.204 or 312.211 to include, at the option of the governing body of the municipality, provisions for the recapture of all or a portion of property tax revenue lost as a result of the agreement if the owner of the property fails to create all or a portion of the number of new jobs provided by the agreement or if the appraised value of the property subject to the agreement does not attain a value specified in the agreement, and payment of a penalty, interest, or both, on that recaptured property tax revenue.

SECTION 2. Effective date: upon passage September 1, 2001.

SUMMARY OF COMMITTEE CHANGES

Differs from the original by adding the phrase "all or a portion of" regarding the lost property tax revenue and the number of jobs under the agreement. Adds the condition of the appraised value of the property subject to the agreement not attaining a value specified in the agreement.