

BILL ANALYSIS

Senate Research Center
80R3748 SMH-D

S.B. 941
By: Wentworth
Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

A tax increment fund (fund) is a tool that can be used by local governments to designate a primarily nonresidential zone as a reinvestment zone. This designation allows counties or municipalities to divert tax dollars to promote development or redevelopment of an area deemed to substantially impair the sound growth of the entity creating the zone; retard the provision of housing accommodations; or constitute an economic or social liability that is a menace to the public health, safety, morals, or welfare in its present condition if the governing body determines that development or redevelopment would not occur solely through private investment in the reasonably foreseeable future.

Revenue from a fund currently may be used to construct, acquire, or restore public works on property that has been acquired or was previously owned within a reinvestment zone. Approved uses include public improvements such as utilities, streets, street lights, water and sewer facilities, pedestrian malls and walkways, parks, flood and drainage facilities, and parking facilities.

Currently revenue from a fund may not be used on education facilities. If a school is within a designated reinvestment zone, the area adjacent to the school may be restored, beautified, and rejuvenated, but any property belonging to the school – including sidewalks, driveways, grounds, and buildings – may not be improved or replaced using revenue from the fund.

As proposed, S.B. 941 gives counties and municipalities the option of using revenue from a tax increment fund to acquire, construct, or reconstruct educational facilities located within reinvestment zones.

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 311.008(b), Tax Code, to authorize a municipality or county to exercise any power necessary and convenient to carry out this chapter (Tax Increment Financing Act), including the power to acquire, construct, reconstruct, or install certain public works, including educational facilities. Deletes existing Paragraph (C) relating to acquiring, constructing, or reconstructing educational facilities in a reinvestment zone.

SECTION 2. Amends Section 311.0085, Tax Code, as follows:

Sec. 311.0085. New heading: DEDICATION OF REVENUE TO SCHOOL DISTRICT FOR EDUCATION FACILITIES. Deletes existing Subsection (a) regarding the municipalities to which this section applies. Makes conforming changes.

SECTION 3. Effective date: upon passage or September 1, 2007.