

BILL ANALYSIS

C.S.H.B. 3983
By: Rodriguez
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

H.B. 525, 79th Legislature, Regular Session, 2005, authored by Representative Rodriguez, created a homestead preservation district in East Austin to mitigate the effects of rising property taxes in the area by allowing the City of Austin to use three policy tools: a land trust, a land bank, and a reinvestment zone. The reinvestment zone allows for the city and Travis County to create a tax increment financing zone, which is a funding mechanism that designates a percentage increase in taxable value towards a specified use, in this case for affordable housing. H.B. 525 required the city and county to participate equally in the financing zone. Since the passage of H.B. 525, the city has agreed to participate in the financing zone but the county has raised concerns regarding the language in H.B. 525 relating to equal participation in the reinvestment zone.

C.S.H.B. 3983 requires a county to pay into the tax increment fund for a homestead preservation reinvestment zone, designated by a municipality and agreed to by the county, the same percentage of the tax increment produced by the county that the municipality pays into the fund. The bill sets forth the composition of the board of directors of a preservation reinvestment zone and the appointment, terms, eligibility, and other matters relating to the members and officers of the board.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3983 amends the Local Government Code to require a county to pay into the tax increment fund for a homestead preservation reinvestment zone, designated by a municipality and agreed to by the county, the same percentage of the tax increment produced by the county that the municipality pays into the fund, rather than an amount equal to the tax increment paid by the municipality and makes a conforming change in the content of the final order adopted by the county.

C.S.H.B. 3983 establishes that the board of directors of a homestead preservation reinvestment zone consists of at least six and not more than 16 members, unless more than 16 members are required to satisfy the requirements of the bill's provisions. The bill authorizes the municipality and county approving the payment of all or part of the tax increment into the tax increment fund to each appoint an equal number of members to the board. The bill establishes that the members of the board are appointed for staggered terms of two years unless longer terms are provided under the Texas Constitution. The bill establishes that a vacancy on the board is filled for the unexpired term by appointment of the governing body of the taxing unit that appointed the director who previously served in the vacant position.

C.S.H.B. 3983 requires an individual, to be eligible for appointment to the board, to be a

qualified voter of the county or to be at least 18 years of age and own real property in the reinvestment zone or be an employee or agent of a person that owns real property in the zone. The bill requires the board of directors of a reinvestment zone, each year, to elect one of its members to serve as presiding officer for a term of one year. The bill authorizes the board of directors to elect an assistant presiding officer to preside in the absence of the presiding officer or when there is a vacancy in the office of presiding officer and to elect other officers as it considers appropriate. The bill establishes that a member of the board of directors of a homestead preservation reinvestment zone is not a public official by virtue of that position and, unless otherwise ineligible, may be appointed to serve concurrently on the board of directors of a local government corporation created under the Texas Transportation Corporation Act.

EFFECTIVE DATE

September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 3983 requires a county to pay into the tax increment fund for a homestead preservation reinvestment zone, designated by a municipality and agreed to by the county, the same percentage of the tax increment produced by the county that the municipality pays into the fund, whereas the original requires the county to pay an amount equal to the tax increment paid by the municipality multiplied by a fraction, the numerator of which is the county tax rate for the year and the denominator of which is the municipal tax rate for the year.

C.S.H.B. 3983, in provisions relating to the board of directors of a homestead preservation reinvestment zone, establishes that the board consists of at least six and not more than 16 members, rather than at least five and not more than 15 members as in the original, and makes a conforming change to provisions allowing more members if necessary. The substitute differs from the original by authorizing the municipality and county approving the payment of all or part of the tax increment into the tax increment fund to each appoint an equal number of members to the board, rather than, as in the original, each appointing a number of members to the board in proportion to their respective pro rata shares of the total anticipated tax increment to be deposited into the tax increment fund during the term of the zone. The substitute removes provisions in the original establishing a formula for determining the appropriate number of county and municipality appointees based on anticipated pro rata shares. The substitute removes a provision in the original entitling the municipality that designated the zone to appoint at least as many members of the board as the county.

C.S.H.B. 3983 removes a provision in the original allowing the ordinance establishing the reinvestment zone to authorize any other taxing unit, the territory of which wholly or partly includes the reinvestment zone, to appoint one member of the board in addition to the other appointed membership.

C.S.H.B. 3983 differs from the original by requiring an individual, if qualifying for board appointment based on being a voter, to be a qualified voter of the county, rather than of the municipality as in the original.