

- SUBJECT:** Authorizing counties to use certain tax increment financing
- COMMITTEE:** Pensions, Investments and Financial Services — committee substitute recommended
- VOTE:** 9 ayes — Anchia, Parker, Capriglione, Muñoz, Perez, Rogers, Slawson, Stephenson, Vo
- 0 nays
- WITNESSES:** For — Brian Cassidy, Alamo RMA, Central Texas RMA, North East Texas RMA, Cameron County RMA, Camino Real RMA, Webb County-City of Laredo RMA, and Grayson County RMA; (*Registered, but did not testify*: Scott Stewart, American Council of Engineering Companies of Texas; Steven Albright, Associated General Contractors of Texas Highway Heavy Utility and Industrial Branch; Melissa Shannon, Bexar County Commissioners Court; Karen Rove, Central Texas Regional Mobility Authority; Adam Haynes, Conference of Urban Counties; Jim Allison, County Judges and Commissioners Association of Texas; Lillian Painter, Dallas County Commissioners Court; Daniel Collins, El Paso County; Thamara Narvaez, Harris County Commissioners Court; Chris Shields, San Antonio Mobility Coalition; Mackenna Wehmeyer, Texas Rail Advocates; Drew Campbell, Transportation Advocates of Texas; Julie Wheeler, Travis County Commissioners Court; Sarah Lacy, Trinity Metro; Dale Laine, VIA Transit; Vanessa MacDougal)
- Against — None
- BACKGROUND:** Texas Constitution Art. 8, sec. 1-g(b) allows the Legislature to authorize an incorporated city or town to issue bonds or notes to finance development of an unproductive, underdeveloped, or blighted area and to pledge increases in property tax revenue in the area to repay the bonds.
- DIGEST:** CSHJR 99 would amend the Texas Constitution to add counties to the political entities authorized to issue bonds or notes to finance the development of an unproductive, underdeveloped, or blighted area within

the county and to pledge increases in property tax revenues for repayment of those bonds or notes.

The ballot proposal would be presented to voters at an election on November 2, 2021, and would read: "The constitutional amendment authorizing a county to finance the development or redevelopment of transportation infrastructure in unproductive, underdeveloped, or blighted areas in the county.

**SUPPORTERS  
SAY:**

CSHJR 99 would expand the use of a vital financing tool to counties to develop unproductive, underdeveloped, or blighted areas. Cities and towns already are able to use this tool, called tax increment financing, so the resolution would be a logical extension of this authority.

This innovative method of financing does not increase taxes, but allows local governments to redirect any additional property tax revenue to certain reinvestment zones to finance improvements within the zone, including transportation projects. As the financed transportation projects spur economic development, property values grow and the additional tax revenue can be captured and leveraged for further benefits to the zone. These transportation reinvestment zones (TRZs) are provided for under current law, and counties must hold a public hearing on the creation of any TRZ. However, since it is currently a legal question of to what extent counties may use TRZs, CSHJR 99 is needed to make it clear that counties could fully utilize this tool.

Texas is underinvesting in its transportation infrastructure by billions of dollars each year, and as the state's population continues to grow, so does the gap in funding. To close this gap and provide for future generations, the state needs tools to finance infrastructure projects. Concerns about the bill increasing taxes are unfounded, as the comptroller's office acknowledges that tax increment financing is not a new tax. Further, because counties can only designate a TRZ after a public hearing, taxpayers in blighted areas are able to become familiar with the county's financing plans. CSHJR 99 could even expand partnership opportunities for counties and cities to finance transportation projects.

**CRITICS  
SAY:**

CSHJR 99 would expand taxpayer-backed debt by allowing counties to use tax increment financing, which could raise local property taxes. Texas' local debt per capita already is too high, and by increasing debt further CSHJR 99 could invite higher taxes, tie up future funds for debt service payments, and risk local credit ratings. Cities and towns already can use this debt mechanism to finance infrastructure projects in blighted areas. County governments are not as close or well known to the taxpayers of these areas and should not be issuing this kind of debt for taxpayers to bear.

**NOTES:**

According to the Legislative Budget Board, the cost to the state for publication of the resolution would be \$178,333.