

Name of Funding: Transportation Reinvestment Zone (TRZ)

Focus of Funding: Transportation infrastructure improvements for economic development in an area

Eligibility Requirements:

For local government: Cities and counties are authorized to designate areas as TRZs to fund a pass-through project. A portion of the tax increase from the increased property value would be captured. Municipalities and counties would keep half the revenue earned through the TRZ to be used for any purpose within the TRZ. The other half would be deposited to a fund within the state treasury, earmarked for use within the specific municipality or county and spent on future pass-through financing projects within the municipality or county.

Funding Mechanism

- City or County determines an area to be underdeveloped to establish TRZ
- Hold a public hearing
- Designate TRZ
- Establish an ad valorem tax increment account for TRZ
- Designate termination period

Maximum amount

- **For local governments:** There is no maximum numerical amount.

Other Rules and Flow of Funds

- Deposit tax increment to tax increment account
- 100% of funds deposited must be used towards pass-through project
- Surplus funds may be used for other transportation projects in or outside zone
- Tax increment is the ad valorem tax levied per year on the increase in property value since the TRZ was established

Advantages of the program: Indicates support for transportation project, one of the supporting factors Texas Transportation Commission will recognize to approve a project, and provides funding stream to transportation project.

Case Study Examples: Used in the City of El Paso -

<http://www.elpasotexas.gov/documents/TTI%20Financial%20Evaluation%20of%20TRZ.pdf>

Sources: TxDOT Memo on TRZs, March 18, 2008 -

<http://www.lgengineers.com/projectstatus/Docs/DPSM/Attachments/TxDOT%20Memo%20TRZ.pdf>