

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**May 3, 2005**

**TO:** Honorable Fred Hill, Chair, House Committee on Local Government Ways & Means

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB3450** by Coleman (Relating to the deposit of municipal sales and use taxes into a tax increment fund.), **Committee Report 1st House, Substituted**

**No fiscal implication to the State is anticipated.**

The bill would allow a municipality to allocate a portion or amount of its municipal sales and use taxes for deposit into a tax increment financing (TIF) fund.

The bill would allow a municipality to authorize the comptroller to withhold an amount of sales and use taxes and deposit that amount in the municipality's TIF fund.

The bill would provide that a municipality's obligation to deposit sales and use taxes into the TIF fund would not constitute a general obligation of the municipality and would not give rise to a charge against the general credit or taxing powers of the municipality.

**Local Government Impact**

Passage of the bill would allow permissive use of sales and use taxes for TIF funding. TIF deposits are currently made only from local property taxes.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, SD, KJG, DLBa, WP, DLBe