

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

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

**May 13, 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: SB1198** by Ellis (Relating to the determination of the portion of the tax increment produced by a municipality that the municipality is required to pay into the tax increment fund for a reinvestment zone.), **Committee Report 2nd House, Substituted**

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

The bill would provide that a municipality that creates a reinvestment zone and a tax increment financing (TIF) fund, but does not formally determine an amount to pay into the fund, must pay into the TIF fund the entire tax increment produced by the municipality.

In addition, the bill would require that the portion of the tax increment produced by certain cities that they were required to pay into the TIF fund for a reinvestment zone, together with all other revenues required to be paid into the fund, would have to be sufficient to pay certain obligations of the zone.

**Local Government Impact**

The fiscal impact of the bill would depend on future actions by municipalities, relative to the funding of TIF funds.

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

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