

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 20, 2005

TO: Honorable Frank Madla, Chair, Senate Committee on Intergovernmental Relations

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 1st 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 the City of Houston that it was 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, DLBa, WP, DLBe