

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: SB1199 by Ellis (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, DLBa, WP, DLBe