

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 25, 2007

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: HB470 by Rodriguez (Relating to the creation, operation, management, and programs of homestead preservation districts.), **As Passed 2nd House**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 373A, Local Government Code, to extend applicability of certain subchapters of Chapter 373A to a municipality with a population of 1.8 million or more that is located predominantly in a county that has a total area of less than 1,000 square miles. In addition, the bill would add requirements that must be met to be designated as a homestead preservation district in a municipality fitting that description. Based on the 2000 U.S. Census, those portions of the bill would apply only to a district in the City of Houston.

The bill would also add authorization for a municipality to dissolve a homestead preservation district, would make changes to the statute for creating a district, and would establish specific criteria for a municipality to establish a reinvestment zone within the boundaries of a homestead preservation district.

The bill would add Sections 373A.1521 and 373A.1522 regarding the contents and effective date of a reinvestment zone ordinance. Section 373A.1541 would be added to designate as a reinvestment zone for tax increment financing under Chapter 311, Tax Code an area designated as a homestead preservation reinvestment zone. The municipality and county containing the greatest portion of the reinvestment zone would be required to pay equal amounts into the tax increment fund for the zone. The bill would repeal statutes that require other taxing units to pay into the tax increment fund and would repeal statutes that would result in changing reporting requirements by the municipality.

Local Government Impact

Based on the criteria listed in Chapter 373A, Local Government Code, and to the 2000 U.S. Census, as well as the applicable uniform state service region and service region data, the chapter currently applies to the City of Austin; and, based on provisions of the bill, certain portions also apply to the City of Houston. Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

Source Agencies: 332 Department of Housing and Community Affairs

LBB Staff: JOB, DB