

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 5, 2007

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: HB1206 by Keffer, Jim (Relating to the effect of a school district's participation in tax increment financing in connection with certain reinvestment zones on the taxable value of property in the district for school finance purposes.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 403 of the Government Code relating to tax increment financing (TIF).

For purposes of the Comptroller's Property Value Study, the bill would amend Section 403.302 to require the Comptroller to deduct from a school district's market value the total dollar amount of any captured appraised value relative to a tax increment financing agreement that--(1) is within a reinvestment zone created on or before December 31, 2008 by a municipality with a population of less than 18,000; (2) the project plan for which requires that a portion of the tax increment be used to alter, remodel, repair, or reconstruct a structure that is included on the National Register of Historic Places; (3) generates school taxes that are paid into a TIF fund; and, (4) is eligible for tax increment financing.

Passage of this bill would provide a limited exception to current law, which limits the deduction of captured value for school districts from the Comptroller's Property Value Study to TIF agreements entered into by school districts before September 1, 1999. To the extent that reduced school district values in certain districts would affect taxable values reported to the Commissioner of Education, there could be an undetermined cost to the state for value reductions associated with passage of this bill. The Comptroller's Property Tax Division does not receive or maintain information from units of local government that would be helpful in determining the fiscal impact of this bill.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2007. The bill would apply only to an annual school district property value study conducted for a tax year that begins on or after January 1, 2008.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, SJS