

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 20, 2007**

**TO:** Honorable Jim Keffer, Chair, House Committee on Ways & Means

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

**IN RE: HB3327** by Smith, Todd (Relating to the implementation of a project plan or financing plan for a reinvestment zone under the Tax Increment Financing Act and the granting of exemptions from ad valorem taxes imposed on real property in a reinvestment zone under that Act.), **As Introduced**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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The bill would amend Section 311 of the Tax Code, relating to tax increment financing agreements and the granting of tax exemptions in reinvestment zones. The provisions of the bill would allow tax increment financing agreements to use the tax increment fund to pay for roads, sidewalks, or other public infrastructure outside of the reinvestment zone and would require that the board of directors of the reinvestment zone and the governing body of each taxing unit that deposits any of its tax increment into the tax increment fund approve of any property tax exemptions in the reinvestment zone.

The bill would take effect immediately upon enactment if it receives two-thirds vote in each house; otherwise, it would take effect September 1, 2007.

**Local Government Impact**

According to the Comptroller of Public Accounts, neither the use of tax increment funds on infrastructure outside the reinvestment zone, nor the required approval of tax exemptions would directly increase the amount of taxes paid into tax increment funds by taxing units; and consequently, would not directly affect the cost to taxing units.

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

**LBB Staff:** JOB, CT, JRO, SD, EB