LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 11, 2007

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

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

IN RE: **HB3333** by Corte, Frank (Relating to the designation of certain land as a reinvestment zone under the Tax Increment Financing Act.), **As Introduced**

No fiscal implication to the State is anticipated.

This bill would amend Section 311.005 of the Tax Code by adding a new subsection to provide that a reinvestment zone created through a taxpayer petition would not have to meet current criteria for the creation of a zone.

Current criteria for creation of a reinvestment zone require that an area must:

(1) substantially arrest or impair the sound growth of the municipality or county creating the zone, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to public health, safety, morals, or welfare in its present condition;

(2) be predominantly open and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impair or arrest the sound growth of the municipality or county;

(3) be in a federally assisted new community located in a municipality or county or in an area immediately adjacent to a federally assisted new community; or,

(4) be in an area described in a petition requesting that an area be designated as reinvestment zone, if the petition is submitted to the governing body by owners of property constituting at least 50 percent of the appraised value of property in the area.

The bill would permit creation of a reinvestment zone triggered by a taxpayer petition if the governing body of the municipality or county determined that the area described in the petition were: 1) unproductive; 2) underdeveloped; or 3) blighted.

Because the state is constitutionally prohibited from imposing a state property tax, there would be no direct fiscal impact on the state.

Passage of the bill would authorize additional ways for counties or municipalities to create reinvestment zones as a potential basis for tax increment financing and tax abatement agreements. The fiscal impact would depend on unknown future behavior by taxpayers and county and municipal governing bodies.

This 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.

Local Government Impact

To the extent that additional properties would be classified as reinvestment zones and would qualify for tax increment financing and tax abatement agreements, ad valorem tax revenue for units of local government could be reduced.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, SJS