

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 8, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

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

IN RE: HB3111 by Villarreal (Relating to authorizing Bexar County to issue bonds or notes to finance the acquisition of real property and the construction of a building or facility on the property for use by an institution of higher education and to pledge for repayment of those bonds or notes increases in revenues from ad valorem taxes imposed by the county and other political subdivisions on property located in a designated area of the county.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would add new Chapter 311A to the Tax Code that would authorize the commissioners court of Bexar County to create a reinvestment zone that would include land on which the county proposes to build a facility for use by an institution of higher education selected by the county. Participation by all taxing units in the zone would be mandatory. The county would be empowered to issue bonds as though it were a municipality under the provisions of Section 311.015 of the Tax Code.

According to the Comptroller of Public Accounts, the reinvestment zone would affect the use of taxes collected, but not the amount. However, the revenue flowing into the Tax Increment Fund would be unavailable to the participating taxing units for normal operating purposes.

Under a tax increment financing agreement all or a portion of the incremental taxes collected in the zone are forwarded into a Tax Increment Fund (TIF).

Note: The Comptroller reports that under the hold harmless provisions of legislation enacted by the Seventy-ninth Legislature, Third Called Session, 2006, school district taxes that are forwarded into a TIF are subtracted from school district collections, increasing the requirement for state funding. To the extent that school districts participate in the reinvestment zone there would be a cost to the state.

Provisions of the bill would take effect January 1, 2010, contingent upon the passage of a constitutional amendment. The proposed amendment would be submitted to voters at an election to be held November 3, 2009.

Local Government Impact

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: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, DB, TP