

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**March 13, 2009**

**TO:** Honorable Chris Harris, Chair, Senate Committee on Economic Development

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

**IN RE: SB576** by Davis, Wendy (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**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

The bill would expand the non-exclusive list of allowable uses of dedicated tax increment financing funds to include roads, sidewalks, or other public infrastructure in or out of the zone. The bill would not create a cost by adding such items to the list.

The bill would permit municipalities to offer a property tax exemption in lieu of payment of a portion of its tax increment into the tax increment fund. Currently cities are able to grant abatements under Chapter 312, Tax Code. Allowing a city to grant an abatement under Chapter 311, Tax Code and striking the existing provision requiring Chapter 311, Tax Code abatements to follow the provisions of Chapter 312, Tax Code could result in additional property tax abatements with longer or more favorable terms. The cost of any additional abatements to local government cannot be estimated.

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

**LBB Staff:** JOB, JRO, SD, MN