

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 5, 2009

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

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

IN RE: SB1947 by West (Relating to the authority of two or more municipalities to designate a joint tax increment financing reinvestment zone.), **As Introduced**

Depending upon how many applicable municipalities would choose to create a joint reinvestment zone, there could be an indeterminate fiscal impact to the state.

The bill would permit two or more municipalities to agree to form joint reinvestment zones under Chapter 311 of the Tax Code. The bill details the procedures and requirements for the formation of the joint zones.

The bill would take effect immediately if it were to receive the required two-thirds vote in each house; otherwise, it would take effect September 1, 2009.

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

To the extent that school districts would agree to participate in a joint reinvestment zone, there would be a cost to the state. 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 state funding.

The fiscal impact to the state and units of local government would depend on how many applicable municipalities would choose to create a joint reinvestment zone; therefore, the fiscal impact to the state and units of local government cannot be determined.

Local Government Impact

The fiscal impact to units of local government would depend on how many applicable municipalities would choose to create a joint reinvestment zone; therefore, the fiscal impact to units of local government cannot be determined.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, JRO, SD, DB