

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

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 11, 2017**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1626** by Gutierrez (Relating to the authority of a taxing unit other than a school district to enter into a tax abatement agreement with an owner of real property in a tax increment financing reinvestment zone.), **As Introduced**

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

The bill amends Section 311.0125 of the Tax Code, relating to property tax abatement agreements, to provide that the current requirement for the board of directors of a reinvestment zone and the taxing units that deposit or agree to deposit tax increment into the zone's tax increment fund to approve an abatement of property taxes on real property does not apply to an abatement agreement entered into by a taxing unit that does not deposit and has not agreed to deposit any of its tax increment into the zone's tax increment fund.

School districts may not enter into tax abatement agreements; therefore, there is no state impact. The bill's provision that allows for abatements without the approval of the board of directors of the reinvestment zone or by certain taxing units may allow abatements that would not otherwise be approved, causing a cost to other units of local government. The amount and frequency of abatements that would be approved under this bill that would not be approved under current law is not known; therefore, the impact to units of local government cannot be estimated.

The bill takes effect September 1, 2017.

**Local Government Impact**

The bill's provision that allows for abatements without the approval of the board of directors of the reinvestment zone or by certain taxing units may allow abatements that would not otherwise be approved, causing a cost to other units of local government. There would be no costs for school districts because school districts may not enter into tax abatement agreements.

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

**LBB Staff:** UP, KK, SD, SJS