

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

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

**May 23, 2009**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

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

**IN RE: HB3983** by Rodriguez (Relating to certain homestead preservation reinvestment zones. ), **As Passed 2nd House**

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

The bill would amend Chapter 573A, Local Government Code, regarding tax rates and board membership for certain homestead preservation reinvestment zones.

The bill would amend Section 311.013(g), Tax Code, regarding allowable uses of dedicated tax increment financing funds and requirements for an agreement to exempt real property from ad valorem taxes under the subsection.

The bill would require the Comptroller of Public Accounts to conduct a study to examine circuit breaker programs as a means of expanding and protecting the homestead interests of low-income and moderate-income families. The bill includes requirements associated with conducting the study, including authorizing the comptroller to contract with appraisal districts, taxing units, or other appropriate organizations for assistance and to obtain information necessary to conduct the study. A state agency, appraisal district, or taxing unit would be required to assist the comptroller if requested. Not later than December 1, 2010, the comptroller would be required to submit the report on the study to the governor, lieutenant governor, and speaker of the house of representatives. This part of the bill would expire September 1, 2011.

The bill would take effect September 1, 2009.

Based on analysis from the Comptroller of Public Accounts, it is anticipated that implementation of provisions of the bill could be absorbed within existing resources.

**Local Government Impact**

No significant fiscal implications to units of local government is anticipated regarding the proposed change to Chapter 573A, Local Government Code.

The proposed change to Section 311.013(g), Tax Code, 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.

The fiscal impact to an appraisal district, taxing unit, or other local government entity in response to a request for assistance from the comptroller would depend on the specifics of the request and conditions of a contract related to providing that assistance.

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

**LBB Staff:** JOB, JRO, DB