

## **BILL ANALYSIS**

C.S.S.B. 1771  
By: Brimer  
Economic Development  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

C.S.S.B. 1771 creates the Texas Enterprise Fund as a dedicated account in the general revenue fund to be used for economic development, infrastructure development, community development, job training programs, and business incentives. The bill also provides for the coordination of economic development efforts by the Texas Department of Economic Development (TDED) or its successor, and authorizes the Texas Department of Economic Development or its successor to make certain recommendations regarding tax abatements and limitations on appraised value.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

CSSB 1771 amends the Government Code to require the Department of Economic Development or its successor to work with the legislature and state agencies in identifying grants and funds related to economic development.

CSSB 1771 amends the Government Code to require the Department of Economic Development or its successor, at the direction of the Governor, to work with each state agency that administers a program related to job training or job creation to address the challenges facing those agencies relating to job training and job creation.

CSSB 1771 amends the Government Code to create the Texas Enterprise Fund as a dedicated account in the general revenue fund. The fund shall be composed of any amount appropriated by the legislature and gifts, grants, and other donations received for the fund and may be used for economic development, infrastructure development, community development, job training programs, and business incentives. Interest earned from the fund account shall be deposited back into the enterprise fund.

CSSB 1771 provides that the enterprise fund account may be temporarily used by the Comptroller for cash management purposes.

CSSB 1771 gives the Governor authority to negotiate on behalf of the state to grant money from the fund, and provides that the Governor may only appropriate funds along with the express written consent of the Lieutenant Governor and the Speaker of the House of Representatives.

CSSB 1771 authorizes the Governor, before granting money from the fund, to enter into a written agreement with the entity being granted funds specifying that certain conditions and criteria are met.

CSSB 1771 amends Section 311.0125, Tax Code, by adding Subsection (e) to authorize TDED or its successor to recommend that a taxing unit enter into a tax abatement agreement with a person under this chapter. Requires the board of directors of a reinvestment zone and the governing body of a taxing unit, in determining whether to approve an agreement to abate taxes on real property in a reinvestment zone

under Subsection (b), to consider any recommendation made by TDED or its successor.

CSSB 1771 amends Section 312.204, Tax Code, by adding Subsection (g) to authorize TDED or its successor to recommend that a taxing unit enter into a tax abatement agreement with a person under this chapter. Requires the governing body of a municipality, in determining whether to enter into a tax abatement agreement under this section, to consider any recommendation made by TDED or its successor.

CSSB 1771 amends Section 312.402, Tax Code, by adding Subsection (f) to authorize TDED or its successor to recommend that a taxing unit enter into a tax abatement agreement with a person under this chapter. Requires the commissioners court of a county, in determining whether to enter into a tax abatement agreement under this section, to consider any recommendation made by TDED or its successor.

CSSB 1771 amends Section 313.025, Tax Code, by adding Subsection (g) to authorize TDED or its successor to recommend that a school district grant a person a limitation on appraised value under this chapter. Requires the governing body of the school district, in determining whether to grant an application, to consider any recommendation made by TDED or its successor.

#### **EFFECTIVE DATE**

Upon passage, or, if the Act does not receive the necessary vote the Act takes effect September 1, 2003.

#### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The substitute makes non-substantive conforming changes.

The substitute makes the Texas Enterprise Fund a dedicated account in the general revenue fund.

The substitute allows the Governor to award money only with the written consent of the Lt. Governor and the Speaker of the House.

The substitute does not create the Advisory Board of Economic Stakeholders.

The substitute makes the effective date immediate if it receives the necessary votes.