

1-1 By: Madla S.B. No. 403
1-2 (In the Senate - Filed February 6, 2003; February 17, 2003,
1-3 read first time and referred to Committee on Intergovernmental
1-4 Relations; March 20, 2003, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 5, Nays 0;
1-6 March 20, 2003, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 403 By: Gallegos

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the designation of enterprise zones and enterprise
1-11 projects.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subchapter B, Chapter 2303, Government Code, is
1-14 amended by adding Section 2303.055 to read as follows:

1-15 Sec. 2303.055. ACTION ON APPLICATION RECEIVED BY
1-16 DEPARTMENT. Not later than the 60th working day after the date on
1-17 which the department receives an application under this chapter,
1-18 the department shall:

1-19 (1) review the application; and

1-20 (2) approve or deny the application as provided by
1-21 this chapter or return the application to the applicant to correct
1-22 any deficiency in the application.

1-23 SECTION 2. Subsection (b), Section 2303.105, Government
1-24 Code, is amended to read as follows:

1-25 (b) The application must include:

1-26 (1) a certified copy of the ordinance or order, as
1-27 appropriate, nominating the area as an enterprise zone;

1-28 (2) a map of the area showing existing streets and
1-29 highways, in a paper format and in an electronic format suitable for
1-30 the Internet;

1-31 (3) an analysis and appropriate supporting documents
1-32 and statistics demonstrating that the area qualifies for
1-33 designation as an enterprise zone;

1-34 (4) a statement that specifies each tax incentive,
1-35 grant, other financial incentive or benefit, or program to be
1-36 provided by the nominating body to business enterprises in the area
1-37 that is not to be provided throughout the governmental entity or
1-38 entities nominating the area as an enterprise zone;

1-39 (5) a statement of the economic development and
1-40 planning objectives for the area;

1-41 (6) a description of the functions, programs, and
1-42 services to be performed by a neighborhood enterprise association
1-43 in the area;

1-44 (7) an estimate of the economic impact of the
1-45 designation of the area as an enterprise zone on the revenues of the
1-46 governmental entity or entities nominating the area as an
1-47 enterprise zone, considering all the financial incentives and
1-48 benefits and the programs contemplated;

1-49 (8) a transcript or tape recording of all public
1-50 hearings on the proposed zone;

1-51 (9) if the application is a joint application, a
1-52 description and copy of the agreement between the applicants;

1-53 (10) the procedures for negotiating with residents,
1-54 community groups, and other entities affected by the designation of
1-55 the area as an enterprise zone and with qualified businesses in the
1-56 area;

1-57 (11) a description of the administrative authority, if
1-58 one is to be appointed for the enterprise zone under Section
1-59 2303.202; and

1-60 (12) any additional information the department
1-61 requires.

1-62 SECTION 3. Subsection (b), Section 2303.109, Government
1-63 Code, is amended to read as follows:

(b) Notwithstanding Subsection (a), an area designated as a renewal community [~~federal enterprise zone~~], federal empowerment zone, including developable areas, or federal enterprise community may be designated as an enterprise zone without further qualification for longer than seven years but not longer than the period permitted by federal law.

SECTION 4. Subsection (e), Section 2303.110, Government Code, is amended to read as follows:

(e) For each amendment of an enterprise zone boundary, the nominating body shall pay the department a reasonable fee, in an amount specified by the department, not to exceed \$1,000 [~~\$500~~]. The department may use fees collected under this subsection to administer this chapter and for other purposes to advance this chapter.

SECTION 5. Section 2303.112, Government Code, is amended to read as follows:

Sec. 2303.112. EXCEPTION TO LIMIT ON DESIGNATION. Designation as an enterprise zone under this chapter of an area designated as a renewal community [~~federal enterprise zone~~], federal empowerment zone, including developable areas, or federal enterprise community located in a municipality or county does not reduce the number of enterprise zones that the municipality or county may have designated under this chapter.

SECTION 6. Subsection (b), Section 2303.404, Government Code, is amended to read as follows:

(b) A request may be made under this section only to the governing body of an enterprise zone that [~~has~~]:

(1) has an unemployment rate that is at least one and one-half times the state average; [~~or~~]

(2) has a population loss of at least:

(A) 12 percent during the most recent six-year period; or

(B) four percent during the most recent three-year period; or

(3) is an area designated as a renewal community, federal empowerment zone, including developable areas, or federal enterprise community.

SECTION 7. Section 2303.406, Government Code, is amended by amending Subsection (a) and adding Subsection (e) to read as follows:

(a) The department may designate a business as an enterprise project only if the department determines that:

(1) the business is a qualified business under Section 2303.402 that is located in or has made a substantial commitment to locate in an enterprise zone described by Section 2303.404(b);

(2) the governing body of the enterprise zone making the application has demonstrated that a high level of cooperation exists among public, private, and neighborhood entities in the zone;

(3) the designation will contribute significantly to the achievement of the plans of the governing body making the application for development and revitalization of the zone; and

(4) if the business is seeking job retention benefits:

(A) the permanent employees of the business will be permanently laid off;

(B) the business will close down permanently;

(C) the business will relocate out-of-state;

(D) a 10 percent increase in the production capacity of the business will occur;

(E) a 10 percent decrease in overall cost per unit produced will occur; [~~or~~]

(F) the business facility has been legitimately destroyed or impaired because of fire, flood, tornado, hurricane, or any other natural disaster; or

(G) the business facility is both adding a new business line or product and deleting or decreasing an existing business line or product, and the designation will prevent the facility's net production capacity from decreasing.

(e) The department may designate multiple concurrent

3-1 enterprise projects in the same enterprise zone and may designate
3-2 the same qualified business as more than one enterprise project.

3-3 SECTION 8. (a) This Act takes effect September 1, 2003,
3-4 and, except as provided by Subsection (b) of this section, applies
3-5 only to an application submitted under Chapter 2303, Government
3-6 Code, as amended by this Act, on or after that date.

3-7 (b) The change in law made by this Act to Section 2303.406,
3-8 Government Code, applies only to an application submitted under
3-9 Chapter 2303, Government Code, as amended by this Act, on or after
3-10 January 1, 2002.

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