

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATURE 3rd CALLED SESSION - 2006

May 12, 2006

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: SB48 by Brimer (Relating to authority of certain enterprise projects to receive franchise tax credits for job creation and capital investment.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB48, As Introduced: a negative impact of (\$5,000,000) through the biennium ending August 31, 2007.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2007	(\$5,000,000)
2008	(\$5,700,000)
2009	(\$6,300,000)
2010	(\$6,900,000)
2011	(\$7,600,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1
2007	(\$5,000,000)
2008	(\$5,700,000)
2009	(\$6,300,000)
2010	(\$6,900,000)
2011	(\$7,600,000)

Fiscal Analysis

The bill would provide franchise tax credits for certain businesses for job creation and capital investment activity. In order to qualify for the credit the business would have to be subject to the franchise tax as it existed on December 31, 2004, to have been approved as a triple jumbo enterprise project between September 1, 2004, and November 30, 2004, and not be located in an enterprise zone.

An enterprise project that is eligible may establish a credit equal to 25 percent of the total wages and salaries paid or to be paid by the enterprise project for qualifying jobs created during the period beginning on the date the project is designated as an enterprise project through December 31, 2009.

The total credit claimed may not exceed 50 percent of the amount of franchise tax due for the report before any other applicable tax credits.

If an enterprise project is eligible for a credit that exceeds these limitations, the enterprise project may

carry the unused credit forward for not more than five consecutive reports.

Methodology

This fiscal note is based upon analysis provided by the Comptroller's Office.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SD, CT