

BILL ANALYSIS

C.S.H.B. 2675
By: Swinford
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

HB 1200, as passed by the 77th legislature, created a local option economic development tool with the intention of allowing local entities to compete for capital-intensive companies and large-scale capital investments. One section of the bill addressed the incentive's implementation in rural areas of the state. Since enacting this legislation, problems have arisen in some rural areas in relation to the requirement that 80% of new jobs created be qualifying jobs as defined by Section 313.021(3), Tax Code, (meaning that the job pays at least 110 percent of the county average weekly wage for manufacturing jobs in the county where the job is located.)

C.S.H.B. 2675 by Swinford seeks to broaden the applicability of this law for rural counties, so that they will have greater opportunity for investment in their communities by capital-intensive entities, and thereby foster economic development in rural areas.

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

C.S.H.B. 2675 alters Sections 313.024(a) and (b) of the Tax Code so that the subsections refer to any entity to which Chapter 171 applies. The bill changes Section 313.051 of the Tax Code so that the requirements for school districts in certain counties are not the same for school districts in strategic investment areas. The bill extends the applicability of Subchapter C of Chapter 313 of the Tax Code to school districts in whose territory is located a federal nuclear facility to which Subchapter C applied on January 1, 2002.

The bill provides that at least 80% of all the new jobs created must be qualifying jobs as defined by Section 313.021(3) of the Tax Code, except that, for a school district described by Subsection (a)(2) of Section 313.051 of the Tax Code, each qualifying job must pay at least 110% of the average weekly wage for manufacturing jobs in the region designated for the regional planning commission, council of governments, or similar regional planning agency created under Chapter 391, Local Government Code, in which the district is located.

EFFECTIVE DATE

September 1, 2005

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute adds language to the original altering Sections 313.024(a) and (b) of the Tax Code. The substitute differs from the original bill by limiting the extension of Subchapter C of Chapter 313 of the Tax Code to those school districts in whose territory is located a federal nuclear facility. The substitute removes language changing the percentage of jobs which must be qualifying jobs, but adds language providing that, for a school district described by Subsection (a)(2) of Section 313.051 of the Tax Code, each qualifying job must pay at least 110 % of the average weekly wage for manufacturing jobs in the region designated for the regional planning commission, council of governments, or similar regional planning agency created under Chapter 391, Local Government Code, in which the district is located.

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