

BILL ANALYSIS

C.S.H.B. 3249
By: Ritter
Economic Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The purpose of the Texas Enterprise Zone Program is to encourage job creation and capital investment in areas of economic distress. Enterprise zones are local-option and economic development tools that allow a community to partner with the State to offer a package of local and state tax and regulatory benefits to new or expanding businesses in economically distressed areas.

Since the program's inception in 1987, Enterprise Zones have been successful in creating over 100,000 jobs and have brought billions of dollars of economic growth to the state.

HB 3249 will expand the Texas Enterprise Zone Program to: allow more projects to be designated by the Economic Development Bank, more employees to qualify for credits, to change investment requirements, include more qualified businesses, and to allow for more property to qualify for credits under the program.

RULEMAKING AUTHORITY

This Act does not expressly delegate any additional rulemaking authority to any state officer, agency, department, or institution.

ANALYSIS

SECTION 1. Amends Section 2303.4072, Government Code, to reduce the amount of time to submit paperwork to claim benefits under the Enterprise Zone program from 18 to 6 months.

SECTION 2. Amends Section 2303.504, Government Code, to change the title of the Section to include AND CREDITS.

SECTION 3. Amends Section 2303.504 (a), Government Code, to state that an enterprise zone project is entitled to a franchise tax credit under Subchapter P or Q, Chapter 171, Tax Code. (c) adds the language "and credits" in the reporting requirements regarding actual jobs created and retained as specified.

SECTION 4. Amends Section 2303.516 (b) and (d), Government Code, to make conforming changes from Bank to Comptroller under Sec. 2303.516 (b) Government Code. Subsection (d) clarifies Comptroller's duties to review Enterprise Zone projects or activities before receiving of Enterprise Zone benefits.

SECTION 5. Amends 2303.517, Government Code, to make conforming changes from bank to comptroller.

SECTION 6. Amends Sections 151.429 (a) and (b), Tax Code, to state that taxable items are eligible for a sales tax refund under this chapter.

SECTION 7. Amends Section 171.721 (2), Tax Code, to include federally designated empowerment zones and renewal communities.

SECTION 8. Repeals Section 2303.516 (c), Government Code.

SECTION 9. Provides the effective date of this Act.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

Creates new Section 1. Reduces the amount of time to submit paperwork to claim benefits under the Enterprise Zone program from 18 to 6 months.

Deletes original sections 1-3.

Section 2 is original section 4.

Section 3 is original section 5.

Creates new Section 4. Subsection (b) makes conforming changes from Bank to Comptroller under Sec. 2303.516 (b) Government Code. Subsection (d) clarifies Comptroller's duties to review Enterprise Zone projects or activities before receiving of Enterprise Zone benefits.

Creates new Section 5. Makes conforming change from Bank to Comptroller.

Sec. 6 is amended to remove specific items available for sales and use tax refunds and expands to cover any taxable item. This reduces paperwork submitted to the state for review and lessens state resources needed to review sales tax on eligible and ineligible items.

Deletes Sections 7 - 15.

Creates a new Section 7. Makes conforming change bringing various federal zones into enterprise zone program.

New Section 8 deletes 2303.516 (c) to make conforming change from change in Section 4.

Sec. 9. is original section 16.