

## **BILL ANALYSIS**

Senate Research Center  
79R9543 T

S.B. 1254  
By: Brimer  
S/C on Emerging Technologies & Economic Development  
4/15/2005  
As Filed

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

As proposed, S.B. 1254 extends the previous franchise tax credits enterprise projects were allowed to take but which expired January 1, 2005, to triple jumbo enterprise projects approved effective September 1, 2004. It also clarifies that all such triple jumbo enterprise projects, not just those located in enterprise zones (as changed by the 2003 revisions to the Enterprise Project Act), can claim this credit as well.

These triple jumbo enterprise projects would not otherwise be able to claim the franchise tax credits for their capital investment and payroll.

The date changes accomplish the preceding.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter P, Section 171.751, Tax Code, to redefine "qualified business," "qualifying job," and "enterprise project."

SECTION 2. Bill as drafted purports to amend Section 171.752, Tax Code, but does not do so.

SECTION 3. Amends Section 171.7541, Tax Code, to delete existing text setting a deadline for the filing of a report described in this subsection.

SECTION 4. Amends Subchapter Q, Section 171.801, Tax Code, to redefine "qualified capital investment."

SECTION 5. Amends Section 171.8015, Tax Code, as follows:

Sec. 171.8015. New heading: TANGIBLE PERSONAL PROPERTY FIRST PLACED IN SERVICE IN AN ENTERPRISE PROJECT. Redefines "tangible personal property first placed in service in an enterprise project."

SECTION 6. Amends Section 171.802, Tax Code, to authorize a corporation to claim a credit or take a carryforward credit without regard to whether the strategic investment area or enterprise zone in which it made the qualified capital investment subsequently loses its designation as a strategic investment area or enterprise zone, if applicable. Deletes existing text providing that Subsection (d) expires on January 1, 2005

SECTION 7. Amends Section 171.803(b), Tax Code, to provide authorize a corporation that has been designated as an enterprise project without regard to whether the enterprise project is located in an enterprise zone to establish a franchise tax credit. Deletes existing text providing that this subsection expires on January 1, 2005.

SECTION 8. Amends Section 171.804, Tax Code, as follows:

Sec. 171.804. LENGTH OF CREDIT. (a) Creates subsection from existing text.

(b) Authorizes, subject to Section 171.805, a corporation that has been designated as an enterprise project without regard to whether the enterprise project is located in an enterprise zone or as a defense readjustment project to claim the entire franchise tax credit earned on a report originally due on or after September 1, 2003.

SECTION 9. Amends Section 2303.504, Government Code, to delete existing text providing that this section expires on September 1, 2005. Deletes existing Section 2303.504 (State Tax Refunds; Report) relating to certain aspects of an enterprise project or enterprise zone program.

SECTION 10. Makes application of this Act prospective.

SECTION 11. Effective date: January 1, 2005. [sic]