

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 18, 2005

TO: Honorable John Carona, Chair, Senate Committee on S/C on Emerging Technologies & Economic Dev.

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

IN RE: HB1659 by Chavez (Relating to the designation of certain areas of this state as enterprise zones under the enterprise zone program.), **As Engrossed**

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| No fiscal implication to the State is anticipated. |
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This bill would add an area located in "distressed counties" to the list of those areas that automatically qualify for designation as an enterprise zone. The bill defines distressed counties as those counties with a poverty rate above 15.4 percent in which at least 25.4 percent of the adult population does not have a high school education, and have an unemployment rate that has remained above 4.9 percent during the preceding five years. The Texas Economic Development Bank (Bank) would have to annually compile data identifying the distressed counties that would qualify for designation as enterprise zones.

There would be no fiscal impact to the state, as the total limited number of enterprise zone projects that may be approved by the Bank statewide (85 per biennium) would not be changed.

Local Government Impact

Based on data obtained from the U. S. Census Bureau and Texas Workforce Commission, the Comptroller's office determined that a total of 35 counties would currently meet the qualifying criteria as a distressed county. These counties may realize a decrease in tax revenue as a result of tax refunds and other tax incentives provided to the eligible entities.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts

LBB Staff: JOB, JRO, WP, DLBe