

By: Deshotel

H.B. No. 3694

A BILL TO BE ENTITLED

AN ACT

relating to the enterprise zone program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 2303.003(5-a) and (7), Government Code, are amended to read as follows:

(5-a) "Office" means the Texas Economic Development and Tourism Office within the office of the governor.

(7) "Qualified employee" means a person who:

(A) works for a qualified business; and

(B) performs at least 50 percent of the person's service for the business at the qualified business site [~~in the enterprise zone~~].

SECTION 2. Section 2303.004, Government Code, is amended to read as follows:

Sec. 2303.004. JURISDICTION OF MUNICIPALITY. (a) For the purposes of this chapter, territory in the municipal boundaries and in the extraterritorial jurisdiction of a municipality is considered to be in the jurisdiction of the municipality.

(b) Notwithstanding Subsection (a), the governing body of a county with a population of 750,000 or more may nominate for designation as an enterprise project a project or activity of a qualified business that is located within the jurisdiction of a municipality located in the county. For purposes of this subsection, a county during any biennium may not use in any one

1 municipality more than three of the maximum number of designations
2 the county is permitted under Section 2303.406(d)(2).

3 SECTION 3. Section 2303.052, Government Code, is amended to
4 read as follows:

5 Sec. 2303.052. BANK [~~EVALUATION,~~] REPORT REGARDING
6 PROGRAM. [~~(a)~~] The bank must include the following information
7 regarding the enterprise zone program in the report required by
8 Section 489.107 [~~shall conduct a continuing evaluation of the~~
9 ~~enterprise zone program.~~

10 [~~(b) The bank shall develop data from available information~~
11 ~~demonstrating the relationship between the incentives provided~~
12 ~~under this chapter and the economy.~~

13 [~~(c) The bank biennially shall review local incentives.~~

14 [~~(d) On or before January 1 of each year the bank shall~~
15 ~~submit to the governor, the legislature, and the Legislative Budget~~
16 ~~Board a report that]:~~

17 (1) an evaluation of [~~evaluates~~] the effectiveness of
18 the [~~enterprise zone~~] program;

19 (2) a description of [~~describes~~] the use of state and
20 local incentives under this chapter and their effect on revenue;
21 and

22 (3) suggestions for [~~suggests~~] legislation with
23 regard to the program.

24 SECTION 4. Subchapter D, Chapter 2303, Government Code, is
25 amended by adding Section 2303.203 to read as follows:

26 Sec. 2303.203. PARTICIPATION BY NEIGHBORHOOD ENTERPRISE
27 ASSOCIATIONS. Each neighborhood enterprise association organized

1 under Subchapter E should be encouraged to participate in planning
2 and carrying out activities in the enterprise zone.

3 SECTION 5. Chapter 2303, Government Code, is amended by
4 adding Subchapter E to read as follows:

5 SUBCHAPTER E. NEIGHBORHOOD ENTERPRISE ASSOCIATIONS

6 Sec. 2303.301. ORGANIZATION OF NEIGHBORHOOD ENTERPRISE
7 ASSOCIATION. (a) Individuals residing in an enterprise zone may
8 organize a neighborhood enterprise association.

9 (b) Only one association may exist for a geographic
10 neighborhood area.

11 (c) The association must:

12 (1) be a nonprofit corporation formed under the Texas
13 Nonprofit Corporation Law, as described by Section 1.008, Business
14 Organizations Code; and

15 (2) be eligible for federal tax exemption under
16 Section 501(c) of the Internal Revenue Code of 1986.

17 (d) The certificate of formation must:

18 (1) describe the geographic neighborhood area of the
19 association; and

20 (2) authorize the association to engage in business
21 only in the enterprise zone in which the neighborhood area is
22 located.

23 (e) The organizers shall publish in a newspaper of general
24 circulation in the area designated as an enterprise zone an
25 explanation of the proposed association and the organizers' rights
26 in the association.

27 (f) A copy of the association's certificate of formation and

1 its bylaws shall be available for public inspection at the office.

2 Sec. 2303.302. CERTIFICATION OF ASSOCIATION. (a) After a
3 neighborhood enterprise association is formed, the association's
4 board of directors must apply to the bank for certification as a
5 neighborhood enterprise association.

6 (b) The bank may not grant certification unless the
7 association has hired or appointed a suitable chief executive
8 officer.

9 Sec. 2303.303. MEMBERSHIP; VOTING. (a) The membership of a
10 neighborhood enterprise association may be composed only of
11 residents of the enterprise zone.

12 (b) An individual is entitled to be a member of a
13 neighborhood enterprise association if the individual is:

14 (1) a resident of the association's geographic
15 neighborhood area; and

16 (2) of voting age.

17 (c) To be entitled to vote, a member of the association must
18 have been a resident of the association's neighborhood area for at
19 least one year.

20 Sec. 2303.304. POWERS OF NEIGHBORHOOD ENTERPRISE
21 ASSOCIATIONS. (a) A neighborhood enterprise association may
22 purchase or lease publicly or privately owned real property.

23 (b) A neighborhood enterprise association with the approval
24 of the bank may:

25 (1) establish crime watch patrols in the association's
26 geographic neighborhood area;

27 (2) establish volunteer day-care centers;

1 (3) organize recreational activities for the
2 association's geographic neighborhood area youth;

3 (4) provide garbage collection;

4 (5) maintain and improve streets, bridges, and water
5 and sewer lines;

6 (6) provide energy or water conservation projects;

7 (7) provide health and clinic services;

8 (8) provide drug abuse programs;

9 (9) provide senior citizen assistance programs;

10 (10) maintain parks;

11 (11) rehabilitate, renovate, operate, or maintain low
12 or moderate income housing; and

13 (12) provide other types of public services as
14 authorized by law or rule.

15 (c) A service may be provided under Subsection (b) by the
16 association or, if feasible and prudent and after agreement with
17 the bank, by a private firm or organization.

18 (d) The governmental entity responsible for providing a
19 service in the enterprise zone may contract with a neighborhood
20 enterprise association to provide services in an amount equal to
21 the amount saved by the entity by the provision of the service under
22 the contract.

23 (e) A neighborhood enterprise association has powers
24 established by other law or rule, including powers available to
25 similar corporations under state law.

26 (f) A neighborhood enterprise association may enter into a
27 contract and participate in a joint venture with the state or a

1 state agency or institution.

2 (g) A neighborhood enterprise association may receive money
3 without approval of the bank.

4 Sec. 2303.305. APPROVED PROJECTS. (a) On approval of the
5 bank, a neighborhood enterprise association may carry out projects
6 other than those under Section 2303.304(b). The association must
7 submit to the bank an application that describes the nature and
8 benefit of the project and that specifically states:

9 (1) how the project will contribute to the self-help
10 efforts of the residents of the association's geographic
11 neighborhood area;

12 (2) how the residents of the geographic neighborhood
13 area will be involved in the planning and implementation of the
14 project;

15 (3) whether there are sufficient resources to complete
16 the project and whether the association will be fiscally
17 responsible for the project; and

18 (4) whether the project will enhance the enterprise
19 zone by:

20 (A) creating permanent jobs;

21 (B) physically improving the housing stock;

22 (C) stimulating neighborhood business activity;

23 or

24 (D) preventing crime.

25 (b) If the bank does not disapprove an application submitted
26 under Subsection (a) before the 45th day after the day of receipt of
27 the application, the application is considered to be approved.

1 (c) If the bank disapproves an application submitted under
2 Subsection (a), the bank shall notify the association of the
3 specific reasons for the decision and shall allow the association
4 to amend the application on or before the 60th day after the date of
5 the notification.

6 (d) The association shall furnish to the bank:

7 (1) an annual statement of the programmatic and
8 financial status of each approved project; and

9 (2) an audited financial statement of the project.

10 SECTION 6. Section 2303.401, Government Code, is amended to
11 read as follows:

12 Sec. 2303.401. DEFINITIONS. In this subchapter:

13 (1) "New permanent job" means a new employment
14 position that:

15 (A) is created by a qualified business as
16 described by Section 2303.402 at the qualified business site not
17 earlier than the 90th day before the date the business's project or
18 activity is designated as an enterprise project under this chapter;

19 (B) will provide or has provided for the duration
20 of the project's designation period [~~that:~~

21 [~~(A) has provided~~] at least 1,820 hours of
22 employment a year to a qualified employee; and

23 (C) will [~~(B) is intended to~~] exist or has
24 existed at the qualified business site for the longer of:

25 (i) the duration of the project's
26 designation period; or

27 (ii) [~~at least~~] three years after the date

1 on which a state benefit is received as authorized by this chapter.

2 (2) "Retained job" means a job that:

3 (A) existed with a qualified business on the 91st
4 day before the date [~~designation of~~] the business's project or
5 activity is designated as an enterprise project;

6 (B) [~~that:~~

7 [~~(A)~~] has provided and will continue to provide
8 employment to a qualified employee of at least 1,820 hours
9 annually; and

10 (C) will [~~(B) is intended to~~] be or has been an
11 employment position for the longer of:

12 (i) the duration of the project's
13 designation period; or

14 (ii) [~~at least~~] three years after the
15 expiration date of the claim period for receipt of [~~date on which~~] a
16 state benefit [~~is received as~~] authorized by this chapter.

17 SECTION 7. Section 2303.402(c), Government Code, is amended
18 to read as follows:

19 (c) For the purposes of this section, an economically
20 disadvantaged individual is an individual who:

21 (1) was unemployed for at least three months before
22 obtaining employment with the qualified business;

23 (2) receives public assistance benefits, including
24 welfare payments or food stamps, based on need and intended to
25 alleviate poverty;

26 (3) is a low-income [~~an economically disadvantaged~~]
27 individual, as defined by Section 101, Workforce Investment Act of

1 1998 (29 U.S.C. Section 2801(25)) [~~4(8), Job Training Partnership~~
2 ~~Act (29 U.S.C. Section 1503(8))~~];

3 (4) is an individual with a disability [~~handicaps~~], as
4 defined by 29 U.S.C. Section 705(20)(A) [~~706(8)~~];

5 (5) is an inmate, as defined by Section 498.001;

6 (6) is entering the workplace after being confined in
7 a facility operated by the institutional division of the Texas
8 Department of Criminal Justice or under contract with the Texas
9 Department of Criminal Justice;

10 (7) has been released by the Texas Youth Commission
11 and is on parole, if state law provides for such a person to be on
12 parole; or

13 (8) meets the current low income or moderate income
14 limits developed under Section 8, United States Housing Act of 1937
15 (42 U.S.C. Section 1437f et seq.).

16 SECTION 8. Section 2303.403, Government Code, is amended to
17 read as follows:

18 Sec. 2303.403. PROHIBITION ON QUALIFIED BUSINESS
19 CERTIFICATION; LIMIT ON ENTERPRISE PROJECT DESIGNATIONS. If the
20 bank determines that the governing body eligible to nominate an
21 enterprise project is not complying with this chapter, the bank
22 shall prohibit the certification of a qualified business until the
23 bank determines that the governing body is complying with this
24 chapter. The bank may not designate more than 120 [~~85~~] enterprise
25 projects during any biennium. Any designations remaining at the
26 end of a biennium may be carried forward to the next biennium.

27 SECTION 9. Section 2303.404(c), Government Code, is amended

1 to read as follows:

2 (c) The designation period for an enterprise project may not
3 be for less than one year or more than ~~[exceed]~~ five years from the
4 date on which the designation is made.

5 SECTION 10. Sections 2303.405(a), (b), and (c), Government
6 Code, are amended to read as follows:

7 (a) If the governing body approves a request made under
8 Section 2303.404, the governing body may apply to the bank for the
9 designation of the project or activity of a qualified business as an
10 enterprise project only after it submits to the bank the order or
11 ordinance and other information that complies with the requirements
12 of Sections 2303.4051 and 2303.4052.

13 (b) An application must contain an economic analysis of the
14 plans of the qualified business for expansion, revitalization, or
15 other activity with regard to the enterprise project, including:

16 (1) the number of employment positions in existence at
17 the qualified business site on the 91st day before the application
18 deadline;

19 (1-a) the number of ~~[anticipated]~~ new permanent jobs
20 the enterprise project commits to ~~[will]~~ create during the
21 designation period presented in the form of a tabular listing of:

22 (A) the classification titles of those jobs; and
23 (B) the number of jobs and salary range for each
24 classification title;

25 (2) the ~~[anticipated]~~ number of permanent jobs the
26 enterprise project commits to ~~[will]~~ retain during the designation
27 period presented in the form of a tabular listing of:

1 (A) the classification titles of the retained
2 jobs; and

3 (B) the number of retained jobs and salary range
4 for each classification title;

5 (3) the amount of investment to be made by the
6 enterprise project;

7 (4) a complete description of the projected schedule
8 for completion of the specific activity described by Section
9 2303.404(b) to be undertaken by the enterprise project;

10 (5) other information the bank requires;

11 (6) a description of the local effort made by the
12 nominating body, the qualified business, and other affected
13 entities to develop and revitalize the jurisdiction of the
14 governmental entity nominating the project or activity; and

15 (7) if the nominating body is applying for a double or
16 triple jumbo enterprise project, as defined by Section 2303.407, an
17 indication of which level [~~of those types~~] of designation
18 [~~designations~~] is being sought.

19 (c) For the purposes of this section, local effort to
20 develop and revitalize a municipality or county is:

21 (1) the willingness of public entities in the
22 municipality or county to provide services, incentives, and
23 regulatory relief authorized by this chapter and to negotiate with
24 the qualified business for which application is made and with
25 neighborhood enterprise associations and other local groups or
26 businesses to achieve the public purposes of this chapter; and

27 (2) the effort of the qualified business and other

1 affected entities to cooperate in achieving those public purposes.

2 SECTION 11. Sections 2303.4051(a), (b), (e), (f), and (g),
3 Government Code, are amended to read as follows:

4 (a) In this section, "local incentive" means each tax
5 incentive, grant, other financial incentive or benefit, or program
6 to be provided by the governing body to qualified businesses
7 participating in the enterprise zone program [~~business enterprises~~
8 ~~in the block group~~] and any other local incentive listed in Section
9 2303.511.

10 (b) Before nominating the project or activity of a qualified
11 business for designation as an enterprise project, the governing
12 body of the municipality or county in which the business is located,
13 by ordinance or order, as appropriate, must identify and summarize
14 briefly any local incentives available[+

15 [~~(1) in each of the block groups or other areas within~~
16 ~~its jurisdiction that qualify as an enterprise zone under Section~~
17 ~~2303.101, if any, and~~

18 [~~(2) in any area within its jurisdiction that does not~~
19 ~~qualify as an enterprise zone].~~

20 (e) An [~~Unless the nominating body holds a public hearing~~
21 ~~before adopting an ordinance or order under this section, the]~~
22 ordinance or order adopted under this section is not valid unless
23 the nominating body holds a public hearing before adopting the
24 ordinance or order. Notice of the hearing must be published in a
25 newspaper having general circulation in the municipality not later
26 than the seventh calendar day before the date of the hearing. The
27 notice must contain:

1 (1) the date, time, and location of the hearing;

2 (2) the provisions for any tax or other incentives
3 applicable to the enterprise zone program;

4 (3) the name of the qualified business whose project
5 or activity is being nominated for enterprise project designation;
6 and

7 (4) the location of the qualified business site.

8 (f) If the nominating body has previously nominated a
9 project or activity for designation as an enterprise project, the
10 nominating body, instead of issuing a new ordinance or order under
11 this section for a nominated project or activity, may by resolution
12 make a reference to a previously issued ordinance or order that met
13 the requirements of this section if:

14 (1) the resolution nominates the project or activity
15 for designation as an enterprise project and states:

16 (A) whether the nominated project or activity is
17 located in an area designated as an enterprise zone;

18 (B) the level of enterprise project designation
19 being sought; and

20 (C) the ending date of the project's designation
21 period;

22 (2) the local incentives described in the previously
23 issued ordinance or order [~~for the areas described by Subsections~~
24 ~~(b)(1) and (2)] are [~~substantially~~] the same on the date the
25 resolution is issued; and~~

26 (3) the local incentives to be made available to the
27 nominated project or activity are the same as those made available

1 to the project or activity that are the subject of the previously
2 issued ordinance or order.

3 (g) This section does not prohibit a municipality or county
4 from extending additional incentives, including tax incentives,
5 for qualified businesses [~~business enterprises~~] in an enterprise
6 zone by a separate order or ordinance.

7 SECTION 12. Section 2303.4052, Government Code, is amended
8 to read as follows:

9 Sec. 2303.4052. REQUIRED INFORMATION FROM NOMINATING BODY.
10 Before nominating the project or activity of a qualified business
11 for designation as an enterprise project, the nominating body must
12 submit to the bank:

13 (1) a certified copy of the ordinance or order, as
14 appropriate, or reference to an ordinance or order as required by
15 Section 2303.4051;

16 (2) a transcript of all public hearings conducted with
17 respect to local incentives available to qualified businesses
18 [~~business enterprises~~] within the jurisdiction of the governmental
19 entity nominating the project or activity, regardless of whether
20 those businesses [~~business enterprises~~] are located in an
21 enterprise zone;

22 (3) the name, title, address, telephone number, and
23 electronic mail address of the nominating body's liaison designated
24 under Section 2303.204; [~~and~~]

25 (4) if the business is seeking job retention benefits,
26 documentation showing the number of employment positions at the
27 qualified business site; and

1 (5) any additional information the bank may require.

2 SECTION 13. Section 2303.406, Government Code, is amended
3 by amending Subsection (a) and adding Subsections (g) and (h) to
4 read as follows:

5 (a) The bank may designate a project or activity of a
6 business as an enterprise project only if the bank receives all of
7 the information required by Section 2303.4052 and determines that:

8 (1) the business is a qualified business under Section
9 2303.402 that is located in or has made a substantial commitment to
10 locate in an enterprise zone or at a qualified business site;

11 (2) the nominating body making the application has
12 demonstrated that a high level of cooperation exists among public,
13 private, and neighborhood entities within the jurisdiction of the
14 governmental entity nominating the project or activity;

15 (3) the designation will contribute significantly to
16 the achievement of the plans of the nominating body making the
17 application for development and revitalization of the area in which
18 the enterprise project will be located; and

19 (4) if the business is seeking job retention benefits,
20 the business has clearly demonstrated that:

21 (A) the permanent employees of the business will
22 be permanently laid off;

23 (B) the business will close down permanently;

24 (C) the business will relocate out-of-state;

25 (D) the business is able to employ individuals in
26 accordance with Section 2303.402 [~~a 10 percent increase in the~~
27 ~~production capacity of the business will occur~~]; or

1 (E) [~~a 10 percent decrease in overall cost per~~
2 ~~unit produced will occur;~~

3 [~~(F)~~] the business facility has been
4 legitimately destroyed or substantially impaired because of fire,
5 flood, tornado, hurricane, or any other natural disaster and that
6 at least 60 percent of the capital investment is being spent to
7 repair damages resulting from the disaster [~~;~~ ~~or~~

8 [~~(G) the business facility is both adding a new~~
9 ~~business line or product and deleting or decreasing an existing~~
10 ~~business line or product, and the designation will prevent the~~
11 ~~facility's net production capacity from decreasing].~~

12 (g) The bank may lower the designation level of a proposed
13 project or activity nominated for enterprise project designation:

14 (1) if there are fewer designations available than
15 applications received; or

16 (2) to further the economic interests of the state.

17 (h) A state benefit may not be obtained under this chapter
18 or Chapter 151, Tax Code, for jobs moved from one jurisdiction in
19 this state to another jurisdiction in this state.

20 SECTION 14. Section 2303.406(e), Government Code, as added
21 by Chapter 814, Acts of the 78th Legislature, Regular Session,
22 2003, is amended to read as follows:

23 (e) The office may, during any biennium, designate multiple
24 concurrent enterprise projects to a qualified business located in
25 an enterprise zone [~~during any biennium~~].

26 SECTION 15. Section 2303.407, Government Code, is amended
27 to read as follows:

1 Sec. 2303.407. ALLOCATION OF JOBS ELIGIBLE FOR TAX REFUND.

2 (a) The bank shall allocate to an enterprise project the maximum
3 number of new permanent jobs or retained jobs eligible based on the
4 amount of capital investment made in the project, the project's
5 designation level, and the refund per job with a maximum refund to
6 be included in a computation of a tax refund for the project.

7 (b) A capital investment in a project of:

8 (1) \$40,000 to \$399,999 will result in a refund of up
9 to \$2,500 per job with a maximum refund of \$25,000 for the creation
10 or retention of 10 jobs;

11 (2) \$400,000 to \$999,999 will result in a refund of up
12 to \$2,500 per job with a maximum refund of \$62,500 for the creation
13 or retention of 25 jobs;

14 (3) \$1,000,000 to \$4,999,999 will result in a refund
15 of up to \$2,500 per job with a maximum refund of \$312,500 for the
16 creation or retention of 125 jobs;

17 (4) \$5,000,000 to \$149,999,999 will result in a refund
18 of up to \$2,500 per job with a maximum refund of \$1,250,000 for the
19 creation or retention of 500 jobs;

20 (5) \$150,000,000 to \$249,999,999 will result in a
21 refund of up to \$5,000 per job with a maximum refund of \$2,500,000
22 for the creation or retention of 500 jobs if the bank designates the
23 project as a double jumbo enterprise project; or

24 (6) \$250,000,000 or more will result in a refund of up
25 to \$7,500 per job with a maximum refund of \$3,750,000 for the
26 creation or retention of at least 500 jobs if the bank designates
27 the project as a triple jumbo enterprise project.

1 (c) An enterprise project for which a commitment for a [A]
2 capital investment in the range amount and the creation or
3 retention of the number of jobs specified [~~described~~] by Subsection
4 (b)(5) is made is considered a double jumbo enterprise project if
5 the project is so designated by the bank.

6 (d) An enterprise project for which a commitment for a [A]
7 capital investment in the range amount and the creation or
8 retention of the number of jobs specified [~~described~~] by Subsection
9 (b)(6) is made is considered a triple jumbo enterprise project if
10 the project is so designated by the bank.

11 SECTION 16. Section 2303.4072, Government Code, is amended
12 to read as follows:

13 Sec. 2303.4072. ENTERPRISE PROJECT CLAIM FOR STATE BENEFIT.
14 A person must make a claim to the comptroller for a state benefit as
15 prescribed under this chapter and Chapter [~~Chapters~~] 151 [~~and 171~~],
16 Tax Code, not later than 18 months after the date on which the term
17 of the enterprise project designation expires as provided by
18 Section 2303.404.

19 SECTION 17. Section 2303.502(c), Government Code, is
20 amended to read as follows:

21 (c) The bank shall disseminate the reports to the governing
22 bodies of the entities that nominated the enterprise projects
23 [~~enterprise zones~~] and others as necessary to advance the purposes
24 of this chapter.

25 SECTION 18. Section 2303.505(a), Government Code, is
26 amended to read as follows:

27 (a) To encourage the development of areas designated as

1 enterprise zones, the governing body of a municipality through a
2 program may refund its local sales and use taxes paid by a qualified
3 business on all taxable items purchased for use at the qualified
4 business site related to the project or activity[+]

5 ~~[(1) the purchase, lease, or rental of equipment or~~
6 ~~machinery for use in an enterprise zone;~~

7 ~~[(2) the purchase of material for use in remodeling,~~
8 ~~rehabilitating, or constructing a structure in an enterprise zone;~~

9 ~~[(3) labor for remodeling, rehabilitating, or~~
10 ~~constructing a structure in an enterprise zone; and~~

11 ~~[(4) electricity and natural gas purchased and~~
12 ~~consumed in the normal course of business in the enterprise zone].~~

13 SECTION 19. Section 2303.516, Government Code, is amended
14 to read as follows:

15 Sec. 2303.516. MONITORING QUALIFIED BUSINESS OR ENTERPRISE
16 PROJECT COMMITMENTS. (a) The comptroller [~~bank~~] may monitor a
17 qualified business or enterprise project to determine whether and
18 to what extent the business or project has followed through on any
19 commitments made by it or on its behalf under this chapter.

20 (b) The comptroller [~~bank~~] may determine that the business
21 or project is not entitled to a refund or credit of state taxes
22 under Section 2303.504 if the comptroller [~~bank~~] finds that:

23 (1) the business or project is not willing to
24 cooperate with the comptroller [~~bank~~] in providing the comptroller
25 [~~bank~~] with the information the comptroller [~~bank~~] needs to
26 determine the state benefits [~~make the determination under~~
27 ~~Subsection (a)~~]; or

1 (2) the business or project has substantially failed
2 to follow through on any commitments made by it or on its behalf
3 under this chapter.

4 (c) ~~[On the date on which a certificate of occupancy is~~
5 ~~issued with respect to an enterprise project or at the completion of~~
6 ~~the enterprise project designation period as indicated by the~~
7 ~~approved application, the nominating body shall monitor the~~
8 ~~qualified business to determine whether the business or project has~~
9 ~~followed through on any commitments or goals made by it or on its~~
10 ~~behalf in the designation application. On completion, the~~
11 ~~nominating body shall submit a report of its findings to the bank~~
12 ~~and comptroller.~~

13 ~~[(d)]~~ A qualified business may obtain a state benefit,
14 earned through a specific enterprise project designation, on
15 completion of an audit performed by the comptroller that will
16 certify hiring commitments and eligible purchases made by or on
17 behalf of a qualified business under this chapter.

18 SECTION 20. Section 2303.517, Government Code, is amended
19 to read as follows:

20 Sec. 2303.517. REPORT. (a) Before obtaining a state
21 benefit, the qualified business must submit to the comptroller
22 ~~[bank]~~ a certified report of the actual number of jobs created or
23 retained and the capital investment made at or committed to the
24 qualified business site.

25 (b) Not later than the 30th day after the date the
26 comptroller completes an enterprise project's close-out, the
27 comptroller shall submit to the bank a report stating the actual

1 amount of capital investment made and the actual number of jobs
2 created or retained as a result of the enterprise project
3 designation.

4 SECTION 21. Sections 151.429(a), (b), (c), and (e), Tax
5 Code, are amended to read as follows:

6 (a) An enterprise project is eligible for a refund in the
7 amount provided by this section of the taxes imposed by this chapter
8 on purchases of all taxable items purchased for use at the qualified
9 business site related to the project or activity [+

10 [~~(1) equipment or machinery sold to an enterprise~~
11 ~~project for use at the qualified business site;~~

12 [~~(2) building materials sold to an enterprise project~~
13 ~~for use in remodeling, rehabilitating, or constructing a structure~~
14 ~~at the qualified business site;~~

15 [~~(3) labor for remodeling, rehabilitating, or~~
16 ~~constructing a structure by an enterprise project at the qualified~~
17 ~~business site; and~~

18 [~~(4) electricity and natural gas purchased and~~
19 ~~consumed in the normal course of business at the qualified business~~
20 ~~site].~~

21 (b) Subject to the limitations provided by Subsection (c) of
22 this section, an enterprise project qualifies for a refund of taxes
23 under this section based on the amount of capital investment made at
24 the qualified business site, the project's designation level, and
25 the refund per job with a maximum refund to be included in a
26 computation of a tax refund for the project. A capital investment
27 at the qualified business site of:

1 (1) \$40,000 to \$399,999 will result in a refund of up
2 to \$2,500 per job with a maximum refund of \$25,000 for the creation
3 or retention of 10 jobs;

4 (2) \$400,000 to \$999,999 will result in a refund of up
5 to \$2,500 per job with a maximum refund of \$62,500 for the creation
6 or retention of 25 jobs;

7 (3) \$1,000,000 to \$4,999,999 will result in a refund
8 of up to \$2,500 per job with a maximum refund of \$312,500 for the
9 creation or retention of 125 jobs;

10 (4) \$5,000,000 to \$149,999,999 will result in a refund
11 of up to \$2,500 per job with a maximum refund of \$1,250,000 for the
12 creation or retention of 500 jobs;

13 (5) \$150,000,000 to \$249,999,999 will result in a
14 refund of up to \$5,000 per job with a maximum refund of \$2,500,000
15 for the creation or retention of 500 jobs if the Texas Economic
16 Development Bank designates the project as a double jumbo
17 enterprise project; or

18 (6) \$250,000,000 or more will result in a refund of up
19 to \$7,500 per job with a maximum refund of \$3,750,000 for the
20 creation or retention of at least 500 jobs if the Texas Economic
21 Development Bank designates the project as a triple jumbo
22 enterprise project.

23 (c) The total amount of tax refund that an enterprise
24 project may apply for in a state fiscal year may not exceed
25 \$250,000, at not more than \$2,500 per job. The total amount of tax
26 refund that a double jumbo enterprise project may apply for in a
27 state fiscal year may not exceed \$500,000, at not more than \$5,000

1 per job. The total amount of tax refund that a triple jumbo
2 enterprise project may apply for in a state fiscal year may not
3 exceed \$750,000, at not more than \$7,500 per job. If an enterprise
4 project, double jumbo enterprise project, or triple jumbo
5 enterprise project qualifies in a state fiscal year for a refund of
6 taxes in an amount in excess of the applicable limitation provided
7 by this subsection, it may apply for a refund of those taxes in a
8 subsequent year, subject to the applicable [~~\$250,000~~] limitation
9 for each year. The total amount that may be refunded to:

10 (1) an enterprise project under this section may not
11 exceed the amount determined by multiplying \$250,000 by the number
12 of state fiscal years during which the enterprise project created
13 or retained one or more jobs for qualified employees;

14 (2) a double jumbo enterprise project under this
15 section may not exceed the amount determined by multiplying
16 \$500,000 by the number of state fiscal years during which the double
17 jumbo enterprise project created or retained one or more jobs for
18 qualified employees; or

19 (3) a triple jumbo enterprise project under this
20 section may not exceed the amount determined by multiplying
21 \$750,000 by the number of state fiscal years during which the triple
22 jumbo enterprise project created or retained one or more jobs for
23 qualified employees.

24 (e) In this section:

25 (1) "Enterprise project" means a project or activity
26 [~~person~~] designated by the Texas Economic Development Bank as an
27 enterprise project under Chapter 2303, Government Code.

1 (2) "Qualified employee" [~~"Enterprise zone,"~~
2 ~~"qualified employee,"~~] and "qualified hotel project" have the
3 meanings assigned to those terms by Section 2303.003, Government
4 Code.

5 (3) "New permanent job" has the meaning assigned by
6 ~~[means a new employment position created by a qualified business as~~
7 ~~described by]~~ Section 2303.401 [~~2303.402~~], Government Code [~~, that:~~

8 ~~[(A) has provided at least 1,820 hours of~~
9 ~~employment a year to a qualified employee; and~~

10 ~~[(B) is intended to exist for at least three~~
11 ~~years after a state benefit is received under Chapter 2303,~~
12 ~~Government Code].~~

13 (4) "Retained job" has the meaning assigned by Section
14 2303.401, Government Code.

15 (5) "Double jumbo enterprise project" and "triple
16 jumbo enterprise project" have the meanings assigned by Section
17 2303.407, Government Code.

18 SECTION 22. The following provisions are repealed:

19 (1) Section 2303.4051(d), Government Code; and

20 (2) Section 2303.406(e), Government Code, as added by
21 Chapter 209, Acts of the 78th Legislature, Regular Session, 2003.

22 SECTION 23. The changes in law made by this Act to Chapter
23 2303, Government Code, apply only to an application for a
24 designation under the enterprise zone program under Chapter 2303,
25 Government Code, as amended by this Act, that is filed on or after
26 the effective date of this Act. An application for designation
27 under the enterprise zone program that is filed before the

1 effective date of this Act is governed by the law in effect on the
2 date the application was filed, and the former law is continued in
3 effect for that purpose.

4 SECTION 24. The changes in law made by this Act to Section
5 151.429, Tax Code, apply only to an application for a tax refund
6 made on or after the effective date of this Act. An application for
7 a tax refund made before the effective date of this Act is governed
8 by the law in effect on the date the application was made, and the
9 former law is continued in effect for that purpose.

10 SECTION 25. This Act takes effect September 1, 2007.