

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 23, 2007

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: HB1470 by Eissler (Relating to the Texas Economic Development Act, including the continuation of that Act and tax credits claimed under that Act, and to the duties of the comptroller of public accounts and the Texas Education Agency under that Act.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would provide for the continuation of the Texas Economic Development Act under section 313.007, Tax Code, and to the duties of the Comptroller of Public Accounts (CPA) and the Texas Education Agency (TEA) under that Act.

Section 1 of the bill would extend the provisions of Subchapters B and D of Chapter 313, Tax Code, from December 31, 2007 to December 31, 2011. Subchapter B provides a limitation on appraised value for certain property used to create jobs. Subchapter D provides school tax credits for taxes assessed against a property that is eligible for the limitation on appraisal value under Subchapter B.

Section 2 of this bill would amend the process by which school districts obtain an economic evaluation of the impact that granting the limitation on appraisal value would have on the district. School districts would submit an application to the CPA, and the comptroller would conduct or contract with a third person to conduct the evaluation, which would be completed and provided to the governing body of the school district as soon as practicable. The governing body would provide to the comptroller or third person any requested information. A methodology to allow comparisons of economic impact for different schedules of the addition of qualified investment or qualified property may be developed as part of the economic impact evaluation. The governing body would provide a copy of the evaluation to the applicant on request. The comptroller could charge and collect a fee sufficient to cover the costs of providing the economic impact evaluation. The governing body of a school district would approve or disapprove an application before the 121st day after the date the application is filed, unless the economic impact evaluation had not been received or an extension had been agreed to by the governing body and the applicant.

New Subsection (b-1) would require the CPA to provide one copy of the application to TEA. TEA would be required to determine the impact that the added infrastructure will have on the region and the effect that the applicant's proposal will have on the number or size of the school district's instructional facilities, as required to be included in the economic impact evaluation by Sections 313.026(a)(6) and (9), and submit a written report containing the agency's determinations to the comptroller. The governing body of the school district shall provide any requested information to the Texas Education Agency. Not later than the 45th day after the date the application indicates that the comptroller received the application, the Texas Education Agency shall make the required determinations and submit the agency's written report to the comptroller. A third person contracted by the comptroller to conduct an economic impact evaluation of an application is not required to make a determination that the Texas Education Agency is required to make and report to the comptroller under this subsection.

Section 3 of this bill would amend Section 313.026 of the Tax Code, the comptroller's recommendations shall be based on the criteria listed in Subsections (a)(2)-(9) and on any other information available to the comptroller, including information provided by the governing body of the

school district under Section 313.025(b).

The bill would also repeal two Subsections of the Tax Code. The language repealing Section 313.007 would be replaced by new language in this bill. The other subsection repealed would have moved the economic evaluation to TEA effective January 1, 2008.

This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2007.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

School districts would be required to submit applications to the CPA, which would then conduct or contract to conduct an economic evaluation. School districts currently contract directly for these studies.

Source Agencies: 304 Comptroller of Public Accounts, 701 Central Education Agency

LBB Staff: JOB, SD, CT