# BILL ANALYSIS

C.S.H.B. 1198
By: Button
Technology, Economic Development & Workforce
Committee Report (Substituted)

## BACKGROUND AND PURPOSE

The enterprise zone program is an economic development tool that is underutilized by high technology industries because these industries typically have a more difficult time meeting the new-hire requirements currently in place for a business to qualify as an enterprise project. A project located outside of a designated enterprise zone must hire 35 percent economically disadvantaged individuals or enterprise zone residents and 25 percent economically disadvantaged individuals or enterprise zone residents if the project is located within the zone.

C.S.H.B. 1198 lightens requirements currently in place for high technology industries. These industries would be required to hire 15 percent economically disadvantaged individuals or enterprise zone residents if the business is located inside an enterprise zone, and 25 percent economically disadvantaged individuals or enterprise zone residents if the business is located outside of a designated enterprise zone.

## RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

## ANALYSIS

C.S.H.B. 1198 amends Government Code provisions relating to the qualifications for certification of a person as a qualified business under the enterprise zone program that apply to a trade or business located in an enterprise zone or in an area that does not qualify as an enterprise zone to provide that if a trade or business that is not a high technology trade or business is located in an enterprise zone, at least 25 percent of the person's new employees in the zone must be residents of any enterprise zone in Texas or economically disadvantaged individuals in order for the person to qualify for certification as a qualified business. The bill provides that if such a trade or business is located in an area that does not qualify as an enterprise zone, at least 35 percent of the person's new employees at the qualified business site must be residents of any enterprise zone in Texas or individuals who are economically disadvantaged in order for the person to qualify.

C.S.H.B. 1198 establishes that if a trade or business that is a high technology trade or business is located in an enterprise zone, at least 15 percent of the person's new employees in the enterprise zone must be residents of any enterprise zone in Texas or be economically disadvantaged individuals in order for the person to qualify for certification as a qualified business under the enterprise zone program. The bill provides that if such a trade or business is located in an area that does not qualify as an enterprise zone, at least 25 percent of the person's new employees at the qualified business site must be residents of any enterprise zone in Texas or be individuals who are economically disadvantaged in order for the person to qualify. The bill defines "high technology" to mean semiconductors, information and computer technology, micro-electromechanical systems, manufactured energy systems, nanotechnology, and biotechnology.

**EFFECTIVE DATE**

September 1, 2009.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 1198 differs from the original by making provisions that relate to an emerging technology trade or business under the enterprise zone program relate to a high technology trade or business. The substitute differs from the original by providing that if a high technology trade or business is located in an enterprise zone, at least 15 percent of the new employees must be residents of any enterprise zone in Texas or economically disadvantaged individuals, whereas the original requires at least 25 percent of the new employees to be economically disadvantaged individuals. The substitute differs from the original by providing that if a high technology trade or business is located in an area that does not qualify as an enterprise zone, at least 25 percent of the new employees must be residents of any enterprise zone in Texas or economically disadvantaged individuals, whereas the original requires at least 35 percent of the new employees to be economically disadvantaged individuals.