

By: Parker

H.B. No. 4525

A BILL TO BE ENTITLED

AN ACT

relating to qualified manufacturing project zones.

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

SECTION 1. The Legislature of the State of Texas finds that a qualified manufacturing project, as defined in this Act, serves the public purposes of development and diversification of the economy of this state, the elimination of unemployment or underemployment in this state, and development or expansion of commerce in this state.

SECTION 2. Chapter 2303, Government Code, is amended by adding Subchapter H to read as follows:

SUBCHAPTER H. QUALIFIED MANUFACTURING PROJECT ZONE

Sec. 2303.551. DEFINITION. In this subchapter, "qualified manufacturing project" means a proposed new or expanded facility that:

(1) is subject to an agreement entered into on or after January 1, 2008, but before January 1, 2015, with a county, municipality, or other taxing unit under Chapter 312, Tax Code, or with a school district under Chapter 313, Tax Code, under which the investment in the facility is at least \$200 million;

(2) is a facility engaged in manufacturing, as that term is defined by Section 151.318, Tax Code, the construction of which begins on or after September 1, 2009; and

(3) is forecasted to create at least 300 full-time

1 equivalent employment positions.

2 Sec. 2303.552. DATE OF QUALIFICATION. A proposed facility  
3 becomes a qualified manufacturing project on the later of:

4 (1) the date an agreement under Chapter 312 or 313, Tax  
5 Code, is effective; or

6 (2) the date the owner of the facility files an election  
7 to become a qualified manufacturing project with the comptroller.

8 Sec. 2303.553. QUALIFIED MANUFACTURING PROJECT ZONE. (a)  
9 The county in which a qualified manufacturing project is proposed  
10 to be built may apply to the office for designation of the project  
11 as a qualified manufacturing project zone. If the office approves a  
12 request under this subsection, the designation takes effect on the  
13 date that a proposed facility becomes a qualified manufacturing  
14 project.

15 (b) A county may contain only one qualified manufacturing  
16 project that is a qualified manufacturing project zone at any one  
17 time.

18 (c) A qualified manufacturing project that is a qualified  
19 manufacturing project zone automatically qualifies for designation  
20 as an enterprise project under this chapter, except that it is not  
21 subject to Subchapters C and D.

22 (d) A qualified manufacturing project zone designation  
23 remains in effect until the expiration of any tax limitations,  
24 credits, abatements, or other benefits under an agreement entered  
25 into under Chapter 312 or 313, Tax Code, for the qualified  
26 manufacturing project.

27 Sec. 2303.554. BENEFITS. In addition to the benefits

1 described in Subchapter G, a qualified manufacturing project zone  
2 is eligible for a refund of state sales and use taxes as provided by  
3 Section 151.429(h-1), Tax Code.

4 Sec. 2303.555. ELIGIBLE TAXABLE PROCEEDS. (a) In this  
5 section, "eligible taxable proceeds" means:

6 (1) taxable proceeds generated, paid, or collected by  
7 a qualified manufacturing project zone; or

8 (2) an amount, as determined by a finding of the  
9 applicable governmental body, of taxable proceeds that are a direct  
10 or indirect result of the design, construction, or operation of the  
11 qualified manufacturing project, including hotel occupancy taxes,  
12 ad valorem taxes, sales and use taxes, and mixed beverage taxes.

13 (b) For a period beginning on the date that a qualified  
14 manufacturing project becomes a qualified manufacturing project  
15 zone under Section 2303.553 and ending on a date not later than the  
16 10th anniversary of that date, a governmental body, including a  
17 municipality, county, or political subdivision, may agree to  
18 rebate, refund, or pay eligible taxable proceeds to the owner of a  
19 qualified manufacturing project at which the eligible taxable  
20 proceeds were generated.

21 (c) A governmental body that makes an agreement under this  
22 section shall make the rebate, refund, or payment directly to the  
23 beneficiary.

24 SECTION 3. Section 151.429(e), Tax Code, is amended by  
25 adding Subdivisions (6), (7), (8), and (9) to read as follows:

26 (6) "Qualified manufacturing project" has the meaning  
27 assigned that term by Section 2303.551, Government Code.

1           (7) "Sales tax base" means the amount of the sales and  
2 use taxes collected under this chapter on purchases of all taxable  
3 items purchased within the boundaries of a qualified manufacturing  
4 project zone for the four calendar quarters ending before the date  
5 the zone is designated.

6           (8) "Additional sales and use tax" means the total  
7 amount of sales and use taxes collected under this chapter on  
8 purchases of all taxable items purchased within a qualified  
9 manufacturing project zone for each calendar quarter for the  
10 duration of the qualified manufacturing project zone designation  
11 less the sales tax base for the corresponding calendar quarter, not  
12 otherwise due as a rebate or refund under any other applicable law.

13           (9) "Manufacturing workforce development" means any  
14 expenditures incurred by the owner, or a contractor or  
15 subcontractor of the owner, of a qualified manufacturing project  
16 for recruiting or training present, prospective, or potential  
17 employees for jobs in this state presently available or expected to  
18 be available for the planning, designing, construction,  
19 fabrication, or operation of a qualified manufacturing project, and  
20 the salaries, wages, and benefits of those employees through the  
21 first two years of commercial operation of the qualified  
22 manufacturing project.

23           SECTION 4. Section 151.429, Tax Code, is amended by adding  
24 Subsection (h-1) to read as follows:

25           (h-1) Notwithstanding any other provision of this section,  
26 the owner of a qualified manufacturing project is entitled to  
27 receive a payment of a refund of 50 percent of the additional sales

1 and use tax for the preceding calendar quarter. The comptroller  
2 shall pay the refund at the end of the state fiscal quarter after  
3 that calendar quarter for the duration of the designation of the  
4 project as a qualified manufacturing project zone, but not to  
5 exceed 10 years. The total amount of refunds that a qualified  
6 manufacturing project may receive over the course of its  
7 designation as a qualified manufacturing project zone may not  
8 exceed an amount equal to five percent of the qualified  
9 manufacturing project's investments in the facility under  
10 Subchapter H, Chapter 2303, Government Code. A refund received  
11 under this section shall be used to pay for or to refund eligible  
12 expenses incurred before or after designation of the project as a  
13 qualified manufacturing project zone for manufacturing workforce  
14 development for the qualified manufacturing project.

15 SECTION 5. This Act takes effect immediately if it receives  
16 a vote of two-thirds of all the members elected to each house, as  
17 provided by Section 39, Article III, Texas Constitution. If this  
18 Act does not receive the vote necessary for immediate effect, this  
19 Act takes effect September 1, 2009.