

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 6, 2009

TO: Honorable Mark Strama, Chair, House Committee on Technology, Economic Development & Workforce

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

IN RE: HB270 by Brown, Fred (Relating to the definition of qualified employee for purposes of the enterprise zone program.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB270, Committee Report 1st House, Substituted: a negative impact of (\$1,600,000) through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$800,000)
2011	(\$800,000)
2012	(\$800,000)
2013	(\$800,000)
2014	(\$800,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1
2010	(\$800,000)
2011	(\$800,000)
2012	(\$800,000)
2013	(\$800,000)
2014	(\$800,000)

Fiscal Analysis

The bill would amend Chapter 2303 of the Government Code to amend the definition of "qualified employee" as it relates to the Enterprise Zone program. The bill would expand the definition to include a person who works for a qualified business and resides within the enterprise zone; or performs at least 50 percent of the person's service for the business at the qualified business site.

The bill would take effect September 1, 2009.

Methodology

Data on the current number of jobs considered for job creation and retention under the Enterprise Zone program were gathered from the Governor's Office. Data on the current amount of sales tax refunds made to Enterprise Zone projects were gathered from Comptroller tax files. The amount of refunds

was divided by the number of jobs to determine an average refund per job.

This analysis assumes that the number of created and retained jobs used in the calculation of sales tax refunds for enterprise projects would increase by five percent due to the expanded definition of "qualified employee." The increase in the number of jobs was multiplied by the current average refund per job to determine the fiscal impact to General Revenue Fund 0001.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, JRO, SD, MN