

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 9, 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.), **As Introduced**

<p>Estimated Two-year Net Impact to General Revenue Related Funds for HB270, As Introduced: a negative impact of (\$45,818,000) through the biennium ending August 31, 2011.</p>

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$22,403,000)
2011	(\$23,415,000)
2012	(\$24,616,000)
2013	(\$25,780,000)
2014	(\$26,954,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1
2010	(\$22,403,000)
2011	(\$23,415,000)
2012	(\$24,616,000)
2013	(\$25,780,000)
2014	(\$26,954,000)

Fiscal Analysis

The bill would amend the definition of qualified employee as it relates to the Enterprise Zone program by removing the requirement that a qualified employee perform at least 50 percent of services for the business at the qualified business site.

The bill would allow a qualified business to include all employees, regardless of where they perform their services, in its determination of created and retained jobs for use in calculating the amount of sales tax refund for which the qualified business is eligible under the Enterprise Zone program and the Comptroller of Public Accounts indicates there would be a probable revenue loss of \$45,818,000 during the 2010-11 biennium and a probable five year revenue loss of \$123,168,000 from General Revenue Fund 001.

Methodology

Data on the current number of active enterprise projects were gathered from the Office of the Governor. Data on the current amount of sales tax refunds paid under the Enterprise Zone program were gathered from Comptroller tax files. The number of active projects was multiplied by the maximum \$250,000 annual refund of sales tax that a qualified project may claim based on job creation and retention. This amount was subtracted from the current amount of sales tax refunds paid under the Enterprise Zone program to determine the fiscal impact on the General Revenue Fund 0001.

Local Government Impact

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

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts

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