

## **BILL ANALYSIS**

C.S.H.B. 2493

By: Torres

Economic & Small Business Development  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Currently, communities may nominate a qualified business as an enterprise project. An enterprise project designation allows the business to apply for state sales and use tax refunds on qualified expenditures. Designation is related to the capital investment and jobs created at the business site and is limited to not more than 105 enterprise projects during any biennium.

There is a concern that communities are unable to take advantage of enterprise project designations for smaller scale projects that do not meet the criteria for designation. To address this concern, C.S.H.B. 2493 provides for enterprise project half designations and quarter designations, thereby allowing smaller firms to participate in the program. The bill's goals include creating new jobs in Texas by making it possible for Texas communities to nominate additional projects for designation without exceeding the maximum number of enterprise projects that may be designated during any biennium.

### **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. 2493 amends the Government Code, for purposes of the provision prohibiting the Texas Economic Development Bank from designating more than 105 enterprises during any biennium, to specify that a full enterprise project uses one of the bank's designations, a half enterprise project uses one-half of one of the bank's designations, and a quarter enterprise project uses one-quarter of one of the bank's designations. The bill defines "full enterprise project" to mean an enterprise project that is allocated more than 250 jobs for benefit. The bill defines "half enterprise project" to mean an enterprise project that is allocated at least 126 jobs but not more than 250 jobs for benefit and is considered to be one-half of a full enterprise project designation. The bill defines "quarter enterprise project" to mean an enterprise project that is allocated not more than 125 jobs for benefit and is considered to be one-quarter of a full enterprise project designation.

C.S.H.B. 2493 makes provisions relating to enterprise project designation relate to full enterprise projects. The bill authorizes a double jumbo or triple jumbo enterprise project to be split into two half designations or four quarter designations, and the maximum tax refunds for the project divided accordingly. The bill amends provisions, including provisions in the Tax Code, relating to tax refunds for enterprise projects to divide the maximum tax refunds for double jumbo or triple jumbo enterprise projects and for projects that will create a certain number of jobs to account for half enterprise projects as defined by the bill's provisions.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.

## **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 2493 differs from the original by authorizing enterprise project half designations and quarter designations under the enterprise zone program, whereas the original authorizes half designations under the program.

C.S.H.B. 2493 differs from the original by defining "half enterprise project" as an enterprise project that is allocated at least 126 jobs but not more than 250 jobs for benefit and is considered to be one-half of a full enterprise project designation, whereas the original defines "half enterprise project" as an enterprise project split into two half designations and specifies that the maximum number of jobs that the Texas Economic Development Bank may allocate to an enterprise project split into two half designations is 250. The substitute omits a provision included in the original making a half enterprise project eligible for a maximum tax refund of \$125,000 in each state fiscal year.

C.S.H.B. 2493 contains provisions not included in the original defining "full enterprise project" and "quarter enterprise project" and specifying the use of a full enterprise project, half enterprise project, and quarter enterprise project for purposes of enterprise project designation. The substitute contains provisions not included in the original making provisions relating to enterprise project designation relate to full enterprise projects.

C.S.H.B. 2493 contains a provision not included in the original authorizing a double jumbo or triple jumbo enterprise project to be split into two half designations or four quarter designations, and the maximum tax refunds for the project divided accordingly. The substitute contains provisions not included in the original dividing the maximum tax refunds for certain enterprise projects to account for half enterprise projects. The substitute differs from the original in nonsubstantive ways reflective of certain bill drafting conventions.