

1-1 By: Scott (Senate Sponsor - Hinojosa) H.B. No. 1560
1-2 (In the Senate - Received from the House April 11, 2011;
1-3 April 20, 2011, read first time and referred to Committee on
1-4 Economic Development; May 24, 2011, reported adversely, with
1-5 favorable Committee Substitute by the following vote: Yeas 6,
1-6 Nays 0; May 24, 2011, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 1560 By: Jackson

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the enterprise zone program.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 2303.003(7), Government Code, is amended
1-13 to read as follows:

1-14 (7) "Qualified employee" means a person who:

1-15 (A) works for a qualified business; and

1-16 (B) either:

1-17 (i) performs at least 50 percent of the
1-18 person's service for the business at the qualified business site;
1-19 or

1-20 (ii) met the requirements under
1-21 Subparagraph (i) immediately before being promoted to a different
1-22 job with the qualified business.

1-23 SECTION 2. Section 2303.402(a), Government Code, is amended
1-24 to read as follows:

1-25 (a) A person is a qualified business if the bank, for the
1-26 purpose of state benefits under this chapter, or the nominating
1-27 body of a project or activity of the person under this chapter, for
1-28 the purpose of local incentives, certifies that:

1-29 (1) the person is engaged in or has provided
1-30 substantial commitment to initiate the active conduct of a trade or
1-31 business in an enterprise zone, and at least 25 percent of the
1-32 person's new permanent jobs [employees] in the enterprise zone
1-33 eligible for enterprise zone program benefits are held by:

1-34 (A) residents of any enterprise zone in this
1-35 state; or

1-36 (B) economically disadvantaged individuals; ~~or~~

1-37 (2) the person is engaged in or has provided
1-38 substantial commitment to initiate the active conduct of a trade or
1-39 business in an area of this state that does not qualify as an
1-40 enterprise zone, and at least 35 percent of the person's new
1-41 permanent jobs [employees] at the qualified business site eligible
1-42 for enterprise zone program benefits are held by:

1-43 (A) residents of any enterprise zone in this
1-44 state; or

1-45 (B) individuals who are economically
1-46 disadvantaged; or

1-47 (3) the person is engaged in or has provided
1-48 substantial commitment to initiate the active conduct of a trade or
1-49 business in an enterprise zone, and at least 10 percent of the
1-50 person's retained jobs in the enterprise zone eligible for
1-51 enterprise zone program benefits are held by residents of that
1-52 enterprise zone.

1-53 SECTION 3. Section 2303.403, Government Code, is amended to
1-54 read as follows:

1-55 Sec. 2303.403. PROHIBITION ON QUALIFIED BUSINESS
1-56 CERTIFICATION; LIMIT ON ENTERPRISE PROJECT DESIGNATIONS. (a) If
1-57 the bank determines that the governing body eligible to nominate an
1-58 enterprise project is not complying with this chapter, the bank
1-59 shall prohibit the certification of a qualified business until the
1-60 bank determines that the governing body is complying with this
1-61 chapter.

1-62 (b) The bank may not designate more than 105 enterprise
1-63 projects during any biennium. The bank may not designate the

2-1 maximum number of project designations provided by this subsection
2-2 in a single application round. Any designations remaining at the
2-3 end of a biennium may be carried forward to the next biennium.

2-4 SECTION 4. Section 2303.4052, Government Code, is amended
2-5 to read as follows:

2-6 Sec. 2303.4052. REQUIRED INFORMATION FROM NOMINATING BODY.
2-7 Before nominating the project or activity of a qualified business
2-8 for designation as an enterprise project, the nominating body must
2-9 submit to the bank:

2-10 (1) a certified copy of the ordinance or order, as
2-11 appropriate, or reference to an ordinance or order as required
2-12 by Section 2303.4051;

2-13 (2) a certified copy of the minutes [~~transcript~~] of
2-14 all public hearings conducted with respect to local incentives
2-15 available to qualified businesses within the jurisdiction of the
2-16 governmental entity nominating the project or activity, regardless
2-17 of whether those businesses are located in an enterprise zone;

2-18 (3) the name, title, address, telephone number, and
2-19 electronic mail address of the nominating body's liaison designated
2-20 under Section 2303.204;

2-21 (4) if the business is seeking job retention benefits,
2-22 documentation showing the number of employment positions at the
2-23 qualified business site; and

2-24 (5) any additional information the bank may require.

2-25 SECTION 5. Sections 2303.406(b) and (g), Government Code,
2-26 are amended to read as follows:

2-27 (b) [~~This subsection does not apply to a qualified business~~
2-28 ~~located in a federally designated zone, as described by Section~~
2-29 ~~2303.101(2), which will receive priority designation in allocating~~
2-30 ~~the number of enterprise projects allowed statewide per biennium as~~
2-31 ~~provided by Section 2303.403.] The bank shall designate qualified
2-32 businesses as enterprise projects on a competitive basis. The bank
2-33 shall make its designation decisions using a weighted scale in
2-34 which:~~

2-35 (1) 40 percent of the evaluation depends on the
2-36 economic distress of the block group or distressed county in which a
2-37 proposed enterprise project is located;

2-38 (2) 25 percent of the evaluation depends on the local
2-39 effort to achieve development and revitalization of the block group
2-40 or distressed county in which a proposed enterprise project is
2-41 located; and

2-42 (3) 35 percent of the evaluation depends on the
2-43 evaluation criteria as determined by the bank, which must include:

2-44 (A) with respect to a proposed enterprise project
2-45 located in a block group, the level of cooperation and support the
2-46 project applicant commits to the revitalization goals of all of the
2-47 enterprise zone block groups within the jurisdiction of the
2-48 nominating governmental entity;

2-49 (B) with respect to a proposed enterprise project
2-50 located in a distressed county, the level of cooperation and
2-51 support the project applicant commits to the revitalization of the
2-52 distressed county; and

2-53 (C) the type and wage level of the jobs to be
2-54 created or retained by the business.

2-55 (g) The bank may lower the designation level of a proposed
2-56 project or activity nominated for enterprise project designation or
2-57 split a proposed project or activity nominated for that
2-58 designation, based on the number of projected new permanent jobs or
2-59 retained jobs, [+

2-60 ~~(1)]~~ if there are fewer designations available than
2-61 applications received[+] or

2-62 ~~(2)]~~ to further the economic interests of the state.
2-63 If an enterprise project designation is split between two or more
2-64 projects or activities, the bank may determine how to
2-65 proportionally allocate state benefits among the projects or
2-66 activities.

2-67 SECTION 6. Section 2303.504, Government Code, is amended to
2-68 read as follows:

2-69 Sec. 2303.504. STATE TAX REFUNDS [~~AND CREDITS~~]; REPORT.

3-1 (a) Subject to Section 2303.516, an enterprise project is entitled
3-2 to[+
3-3 [~~(1)~~] a refund of state taxes under Section 151.429,
3-4 Tax Code[~~, and~~
3-5 [~~(2)~~ a franchise tax credit under Subchapter Q-1,
3-6 Chapter 171, Tax Code].

3-7 (b) At the time of receipt of any tax benefit available as a
3-8 result of participating in the enterprise zone program, including a
3-9 state sales and use tax refund [~~or franchise tax credit~~], three
3-10 percent of the amount of the tax benefit shall be transferred to the
3-11 Texas economic development bank fund under Subchapter B, Chapter
3-12 489, to defray the cost of administering this chapter.

3-13 (c) Not later than the 60th day after the last day of each
3-14 fiscal year, the comptroller shall report to the bank the statewide
3-15 total of actual jobs created, actual jobs retained, and the tax
3-16 refunds [~~and credits~~] made under this section during that fiscal
3-17 year.

3-18 SECTION 7. Section 2303.516(b), Government Code, is amended
3-19 to read as follows:

3-20 (b) The comptroller may determine that the business or
3-21 project is not entitled to a refund [~~or credit~~] of state taxes under
3-22 Section 2303.504 if the comptroller finds that:

3-23 (1) the business or project is not willing to
3-24 cooperate with the comptroller in providing the comptroller with
3-25 the information the comptroller needs to determine the state
3-26 benefits; or

3-27 (2) the business or project has substantially failed
3-28 to follow through on any commitments made by it or on its behalf
3-29 under this chapter.

3-30 SECTION 8. Sections 2303.109(b) and 2303.406(e),
3-31 Government Code, are repealed.

3-32 SECTION 9. The changes in law made by this Act to Section
3-33 2303.402, Government Code, apply only to an application for a
3-34 designation of an enterprise project under the enterprise zone
3-35 program under Chapter 2303, Government Code, as amended by this
3-36 Act, filed or pending on or after September 1, 2011. An application
3-37 for designation of an enterprise project under the enterprise zone
3-38 program granted before September 1, 2011, is governed by the law in
3-39 effect on the date the application was granted, and the former law
3-40 is continued in effect for that purpose.

3-41 SECTION 10. This Act takes effect September 1, 2011.

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