

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 4, 2011

TO: Honorable Mike Jackson, Chair, Senate Committee on Economic Development

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

IN RE: SB1186 by Hinojosa (Relating to the enterprise zone program.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 2303 of the Government Code, relating to the enterprise zone program.

Sections 2303.003(7) and 2303.4052(4) would be amended to remove the requirement that at least 50 percent of the work performed by a qualified employee must be at the qualified business site.

Section 2303.402(a) would be amended to substitute new "permanent jobs and retained jobs" for new "employees" with respect to eligibility for enterprise zone program benefits.

Section 2303.403 would be amended to limit the number of designations that the enterprise zone bank (the bank) may make during each application round to 10 percent of the maximum allowed during the biennium, except that the 10 percent limit may be exceeded for a state priority project.

Sections 2303.405(b), 2303.4051(f), 2303.407(a) and (b), as well as Sections 151.429(b) and (c) of the Tax Code, would be amended to eliminate designations as double jumbo and triple jumbo enterprise projects.

Section 2303.4052(2) would be amended to substitute a "certified copy of the minutes" for "transcript" with respect to documents that must be submitted to the bank by a nominating body.

Section 2303.406(b) would be amended to eliminate statutory priority designation of a qualified business located in a federally designated zone for purposes of allocating the number of enterprise projects allowed statewide per biennium.

Section 2303.406(g) would be amended to provide for the bank to split an enterprise designation into two or more projects or activities based on the number of projected new permanent jobs or retained jobs, and to proportionally allocate state benefits among the projects or activities.

The following laws would be repealed: Sections 2303.109(b), 2303.406(e) and (f), 2303.407(c) and (d), and 2303.4071(a), (c), and (d) of the Government Code; and Sections 151.429(e)(5) and (i) of the Tax Code. The repealers remove statutory designations of certain federal program designations as an enterprise zone, and provisions relating to double and triple jumbo project designations.

The bill does not increase the total number of enterprise zone project designations that may be made during a biennium, or the benefits related to such designations. The bill does provide for split designations, but provides that the benefits of split designations be allocated proportionally. Consequently there would be no significant fiscal implications. The Comptroller indicates they would need to hire 6 FTE auditors for fiscal year 2012-2016 to handle the increased number of audits for designated projects and refunds from the implementation of the bill.

This bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1,

2011.

Local Government Impact

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

Source Agencies: 300 Trusteed Programs Within the Office of the Governor, 301 Office of the Governor,
304 Comptroller of Public Accounts

LBB Staff: JOB, AG, SD, KK