

BILL ANALYSIS

C.S.H.B. 1982
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Economic & Small Business Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Texas Enterprise Zone Act authorizes the governing body of a county with a population of one million to nominate for designation as an enterprise project a project or activity of a qualified business that is located within the jurisdiction of a municipality located in the county. Interested parties contend that this provision effectively prevents such a county from nominating a company to receive the benefit of the enterprise zone if the project is located in the extraterritorial jurisdiction of a city that is not located in the county that nominates the project. C.S.H.B. 1982 seeks to give the governing body of a county more flexibility when nominating a project or activity of a qualified business for designation as an enterprise project.

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. 1982 amends the Government Code to remove the condition that a county have a population of one million or more for the governing body of the county to be authorized to nominate for designation as an enterprise project a project or activity of a qualified business that is located within the jurisdiction of a municipality located in the county. The bill removes a provision prohibiting a county during any biennium from using in any one municipality more than three of the maximum number of designations the county is permitted. The bill requires a nominating county, before making a nomination, to enter into an interlocal agreement with the municipality that has jurisdiction of the territory in which the nominated project or activity will be located. The bill requires the interlocal agreement to specify that either the nominating county or the municipality that has jurisdiction of the territory in which the nominated project or activity will be located is the governmental body having administration authority and that both the nominating county and municipality approve the nomination. The bill authorizes a county during any biennium to use the maximum number of designations the county is permitted within the specified territory.

C.S.H.B. 1982 creates an exception to provisions of law establishing the governing body of an enterprise zone for a governing body with administration authority established under the terms of the interlocal agreement. The bill adds such an interlocal agreement to the information that a nominating body must submit to the economic development bank before nominating a project or activity of a qualified business for designation as an enterprise project.

C.S.H.B. 1982 authorizes an enterprise project designation to be split into two half designations, with a half designation using one-half of one of the enterprise project designations allowed to a nominating body and to the economic development bank. The bill caps the number of jobs that the bank is authorized to allocate to an enterprise project split into two half designations at 250. The bill establishes that a half enterprise project is eligible for a maximum refund not to exceed \$125,000 in each state fiscal year and is subject to the following capital investment and job

allocation requirements:

- A capital investment in a project of \$40,000 to \$399,999 will result in a refund of up to \$2,500 per job for the creation or retention of 10 jobs
- A capital investment in a project of \$400,000 to \$999,999 will result in a refund of up to \$2,500 per job for the creation or retention of 25 jobs
- A capital investment in a project of \$1,000,000 to \$4,999,999 will result in a refund of up to \$2,500 per job for the creation or retention of 125 jobs

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1982 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 2303.004, Government Code, is amended by adding Subsection (c) to read as follows:

(c) Notwithstanding Subsection (a), the governing body of a county may nominate for designation as an enterprise project a project or activity of a qualified business that is located in the county and in the extraterritorial jurisdiction of a municipality primarily located in another county.

For purposes of this subsection, a county during any biennium may use the maximum number of designations the

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 2303.004, Government Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) Notwithstanding Subsection (a), the governing body of a county ~~[with a population of one million or more]~~ may nominate for designation as an enterprise project a project or activity of a qualified business that is located ~~within the jurisdiction of a municipality located in the county.~~ ~~[For purposes of this subsection, a county during any biennium may not use in any one municipality more than three of the maximum number of designations the county is permitted under Section 2303.406(d)(2).]~~

(c) Before a county makes a nomination under Subsection (b), the nominating county must enter into an interlocal agreement with the municipality that has jurisdiction of the territory in which the nominated project or activity will be located. The interlocal agreement must specify that either the nominating county or the municipality that has jurisdiction of the territory in which the nominated project or activity will be located is the governmental body having administration authority under Section 2303.201 and that both the nominating county and municipality approve the nomination. For purposes of this subsection, a county during any biennium may use the maximum number of designations the county

county is permitted under Section 2303.406(d) within the territory described by this subsection.

No equivalent provision.

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SECTION 2. Section 2303.201, Government Code, is amended to read as follows:

Sec. 2303.201. ADMINISTRATION BY GOVERNING BODY. (a) The governing body of an enterprise zone is the governing body of the municipality or county with jurisdiction over the area designated as an enterprise zone, except as provided by Subsection (b).

(b) The governing body with administration authority over an enterprise project nominated under Section 2303.004(c) is determined under the terms of an interlocal agreement required by that subsection.

SECTION 3. Section 2303.4052, Government Code, is amended to read as follows:

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

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

(2) a transcript of all public hearings conducted with respect to local incentives available to qualified businesses within the jurisdiction of the governmental entity nominating the project or activity, regardless of whether those businesses are located in an enterprise zone;

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

(4) if the business is seeking job retention benefits, documentation showing the number of employment positions at the qualified business site; ~~and~~

(5) any interlocal agreement required under Section 2303.004(c) that states:

(A) which governing body has the administration authority under Section 2303.201; and

(B) that both the county in which the project

or activity is located and the municipality in whose jurisdiction the project or activity is located approve the nomination of the project or activity; and
(6) any additional information the bank may require.

No equivalent provision.

SECTION 4. Section 2303.406, Government Code, is amended by adding Subsection (d-1) to read as follows:

(d-1) An enterprise project designation may be split into two half designations. A half designation uses one-half of one of the enterprise project designations allowed to a nominating body under Subsection (d) and to the bank under Section 2303.403.

No equivalent provision.

SECTION 5. Section 2303.407, Government Code, is amended by adding Subsection (e) to read as follows:

(e) The maximum number of jobs that the bank may allocate to an enterprise project split into two half designations as provided by Section 2303.406(d-1) is 250.

No equivalent provision.

SECTION 6. Section 2303.4071, Government Code, is amended by amending Subsection (a) and adding Subsection (e) to read as follows:

(a) In this section:

(1) "Double [~~,"double]~~ jumbo enterprise project" and "triple jumbo enterprise project" have the meanings assigned by Section 2303.407.

(2) "Half enterprise project" means an enterprise project split into two half designations as provided by Section 2303.406(d-1).

(e) A half enterprise project is eligible for a maximum refund not to exceed \$125,000 in each state fiscal year and is subject to the capital investment and job allocation requirements under Section 2303.407(b)(1), (2), or (3).

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

SECTION 7. Same as introduced version.