

## **BILL ANALYSIS**

C.S.H.B. 2482  
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Economic & Small Business Development  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties note that when a manufacturing business considers launching a plant or investing in Texas, it often first considers the advantages and disadvantages of doing so. This process generally includes weighing the current financial incentives and legal frameworks that would have a direct effect on the business if it chose to set up in or relocate to Texas. When a business declines to launch or invest in Texas, the reasons for its decision often are not made public, and there is neither obligation nor occasion to explain its rationale for declining a business opportunity in Texas. As a consequence, state lawmakers can do little to remedy those factors that prevent businesses from starting or expanding in Texas.

The 82nd Legislature interim charges encouraged all substantive house committees to study and make recommendations for significantly improving the state's manufacturing capability. Based on certain recommendations, C.S.H.B. 2482 seeks to fill the void of valuable information relating to attracting manufacturing companies to Texas and to help state officials understand the reasons major manufacturing firms chose locations for development elsewhere after considering locations in Texas. The bill also seeks to inform legislators on how to ensure that Texas remains industrially competitive and on how to promote Texas as a business-friendly economic climate for manufacturing companies.

### **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. 2482, in temporary provisions set to expire January 1, 2015, requires the comptroller of public accounts to conduct a study on the reasons major manufacturers have chosen to invest in other states after the manufacturers were offered economic incentives by the state or a local government to develop in Texas. The bill defines "major manufacturer" as a person that is engaged in the business of manufacturing; that invested \$1 million or more in developing, expanding, or maintaining manufacturing operations in another state after September 1, 2011, and before September 1, 2014; and that was offered economic incentives by the state or a local government related to developing, expanding, or maintaining manufacturing operations in Texas before choosing to make that investment. The bill authorizes the study to include examining those reasons specific to the economic incentives that were offered and to the promotion of manufacturing development. The bill requires the comptroller's office to solicit interviews with an executive of each major manufacturer that declined the incentives and requires the interviews to address recommendations for Texas to effectively compete with other states in promoting manufacturing development.

C.S.H.B. 2482 requires the comptroller, not later than December 1, 2014, to provide a report on the results of the study, including an analysis of the results, to the speaker of the house of representatives, the lieutenant governor, the governor, and each standing committee of the

legislature that has relevant jurisdiction.

**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. 2482 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. In this Act, "major manufacturer" means a person that:

- (1) is engaged in the business of manufacturing;
- (2) invested **\$500,000** or more in developing, expanding, or maintaining manufacturing operations in another state after September 1, 2011, and before September 1, 2014; and
- (3) was offered economic incentives by the state or a local government related to developing, expanding, or maintaining manufacturing operations in this state before choosing to make that investment.

SECTION 2. The comptroller of public accounts shall conduct a study on the reasons major manufacturers have chosen to invest in other states after the manufacturers were offered economic incentives by the state or a local government to develop in this state.

The comptroller's office shall solicit interviews with an executive of each major manufacturer that declined the incentives. The interviews must address recommendations for this state to effectively compete with other states in promoting manufacturing development.

SECTION 3. Not later than December 1, 2014, the comptroller shall provide a report on the results of the study, including an analysis of the results, to the speaker of the house of representatives, the lieutenant governor, the governor, and each standing

**HOUSE COMMITTEE SUBSTITUTE**

SECTION 1. In this Act, "major manufacturer" means a person that:

- (1) is engaged in the business of manufacturing;
- (2) invested **\$1 million** or more in developing, expanding, or maintaining manufacturing operations in another state after September 1, 2011, and before September 1, 2014; and
- (3) was offered economic incentives by the state or a local government related to developing, expanding, or maintaining manufacturing operations in this state before choosing to make that investment.

SECTION 2. The comptroller of public accounts shall conduct a study on the reasons major manufacturers have chosen to invest in other states after the manufacturers were offered economic incentives by the state or a local government to develop in this state. **The study may include examining those reasons specific to the economic incentives that were offered and to the promotion of manufacturing development.**

The comptroller's office shall solicit interviews with an executive of each major manufacturer that declined the incentives. The interviews must address recommendations for this state to effectively compete with other states in promoting manufacturing development.

SECTION 3. Substantially the same as the introduced version.

committee of the legislature that has relevant jurisdiction.

SECTION 4. This Act expires January 1, 2015.

SECTION 5. 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 4. Same as introduced version.

SECTION 5. Same as introduced version.