

BILL ANALYSIS

S.B. 1084
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Economic & Small Business Development
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The enterprise zone program was initially created to incentivize businesses to locate in economically disadvantaged areas and create jobs. The program refunds taxes to qualified businesses that meet employment and investment criteria. S.B. 1084 seeks to change certain provisions of the enterprise zone program.

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

S.B. 1084 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.

S.B. 1084 creates an exception to the provision 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 Texas Economic Development Bank before nominating a project or activity of a qualified business for designation as an enterprise project. The bill specifies that information submitted to the bank must include a certified copy of the minutes, rather than 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.

S.B. 1084 provides that a person, in addition to meeting other established criteria, is a qualified business if the required percentage of the person's new permanent jobs, rather than the person's employees, in the enterprise zone or qualified business site, as applicable, are held by certain individuals and adds veterans to those individuals.

S.B. 1084 removes a provision that excludes a specified qualified business located in a federally

designated zone from being designated as an enterprise project on a competitive basis by the bank. The bill 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 bank. The bill prohibits the Texas Economic Development and Tourism Office (TEDTO) from designating multiple concurrent enterprise projects to a qualified business located at a qualified business site, rather than authorizes TEDTO during any biennium to make such a designation.

S.B. 1084, in a provision establishing the tax refund for capital investment in an enterprise project of \$150 million or more, adds the specification that the refund per job is for new permanent jobs and specifies that the maximum refund is according to the creation of new permanent jobs, rather than the creation or retention of jobs. The bill prohibits the bank from designating a project as a double jumbo enterprise project or triple jumbo enterprise project after the initial designation period approved by the bank under specified state law. The bill excludes a state-mandated or federally mandated capital investment, including an investment in pollution abatement equipment, from qualifying as a committed capital investment in an enterprise project. 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.

S.B. 1084 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 specified capital investment and job allocation requirements.

S.B. 1084 amends the Tax Code to make conforming changes.

S.B. 1084 repeals Section 2303.109(b), Government Code.

EFFECTIVE DATE

September 1, 2013.