

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 19, 2019

TO: Honorable Dustin Burrows, Chair, House Committee on Ways & Means

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB2799 by Sanford (Relating to economic development.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time. Provisions of the bill could result in a reduction of costs to the school finance formula beginning in fiscal year 2021 should the elimination of a job waiver provision result in fewer economic development projects being entered into by local jurisdictions.

The bill would amend the Government and Tax Codes to repeal and to amend certain exceptions for public disclosure related to confidential economic development information. The bill would also repeal a minimum job waiver provision of Chapter 313 of the Texas Economic Development Act.

According to the Comptroller of Public Accounts (CPA), under Chapter 313 a local school board may waive the minimum job creation requirements of the Act if the board makes a finding that "the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility...." Of 389 total Chapter 313 agreements, 336 have been executed since 2007. Of these 336 projects, 196 received waivers that would not have been eligible under the bill. Of the 196 projects that have received waivers, 171 of the projects are "Renewable Energy Electric Generation," and 25 of the projects are "Manufacturing." In addition, the Texas Economic Development Act includes other provisions that allow projects to meet the minimum job requirements.

It is unknown how many future projects would meet the job requirements as provided for in other provisions of Chapter 313, or whether projects would increase the number of jobs to meet the requirements. Additionally, since key provisions of Chapter 313 are set to expire on December 31, 2022, some projects could apply prior to the effective date of the job waiver repeal.

According to CPA, local school district revenues forgone under Chapter 313 are substantially replaced by the state through the school funding formulas in the subsequent year. However, any possible gain to the state because of a possible reduction in the number of Chapter 313 applications resulting from the repeal of the job waiver cannot be estimated.

Local Government Impact

The fiscal impact on local jurisdictions of repealing provisions of Chapter 313 cannot be estimated.

According to the Texas Municipal League, provisions of the bill relating to disclosure of confidential economic development information would not have a significant fiscal impact on cities.

Source Agencies: 304 Comptroller of Public Accounts

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