

By: Blanco

S.B. No. 1211

A BILL TO BE ENTITLED

AN ACT

relating to defense economic readjustment zones.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. This Act shall be known as the Texas Defense, Aerospace, and Manufacturing Jobs Act.

SECTION 2. Section 2310.001, Government Code, is amended by amending Subdivision (7) and adding Subdivision (8) to read as follows:

(7) "Readjustment zone" means a municipality or county ~~[an area]~~ designated as a defense economic readjustment zone under this chapter.

(8) "Veteran" has the meaning assigned by Section 2308.251.

SECTION 3. Section 2310.002, Government Code, is amended to read as follows:

Sec. 2310.002. JURISDICTION OF MUNICIPALITY OR COUNTY. (a) For the purposes of this chapter, territory in the extraterritorial jurisdiction of a municipality is considered to be in the jurisdiction of the municipality.

(b) Notwithstanding Subsection (a):

(1) the governing body of a county may apply to the bank for designation as a defense readjustment project a project or activity of a qualified business that is located within the jurisdiction of a municipality located in the county;

1 (2) the governing body of a municipality may apply to
2 the bank for designation as a defense readjustment project a
3 project or activity of a qualified business that is located within
4 the jurisdiction of the municipality; or

5 (3) the governing body of a county may apply to the
6 bank for designation as a defense readjustment project a project or
7 activity of a qualified business that is located in an
8 unincorporated area within the jurisdiction of the county.

9 (c) Before a county makes an application as provided by
10 Subsection (b)(1), the applying county must enter into an
11 interlocal agreement with the municipality that has jurisdiction of
12 the territory in which the project or activity described by
13 Subsection (b)(1) will be located. The interlocal agreement must
14 specify that either the applying county or the municipality that
15 has jurisdiction of the territory in which the project or activity
16 described by Subsection (b)(1) will be located is the governmental
17 body having administration authority under Section 2310.201 and
18 that both the applying county and municipality approve the
19 application. For purposes of this subsection, a county during any
20 biennium may use the maximum number of designations the county is
21 permitted under Section 2310.306(e) within the territory described
22 by this subsection.

23 SECTION 4. Section 2310.051(b), Government Code, is amended
24 to read as follows:

25 (b) The bank shall establish criteria and procedures [~~for~~
26 ~~designating a qualified area as a readjustment zone and~~] for
27 designating a defense readjustment project.

1 SECTION 5. Section 2310.101, Government Code, is amended to
2 read as follows:

3 Sec. 2310.101. [~~CRITERIA FOR~~] READJUSTMENT ZONE
4 DESIGNATION. (a) A municipality or county automatically qualifies
5 for designation [~~To be designated~~] as a readjustment zone if the
6 municipality or county is a defense-dependent community as
7 described by Section 2310.102 or has established a spaceport
8 development corporation in the municipality or county [~~an area~~
9 ~~must:~~

10 [(1) ~~have a continuous boundary;~~

11 [(2) ~~be at least one square mile but not larger than 20~~
12 ~~square miles, excluding lakes, waterways, and transportation~~
13 ~~arteries, of the municipality, county, or combination of~~
14 ~~municipalities or counties nominating the area as a readjustment~~
15 ~~zone;~~

16 [(3) ~~be located in an adversely affected~~
17 ~~defense-dependent community;~~

18 [(4) ~~have at least 50 percent of its area located in an~~
19 ~~existing or former United States Department of Defense facility;~~
20 ~~and~~

21 [(5) ~~be nominated as a readjustment zone by an~~
22 ~~ordinance or order adopted by the nominating body].~~

23 (b) A municipality or county designated as [~~An area is not~~
24 ~~prohibited from being included in~~] a readjustment zone under this
25 section is not prohibited from having an area of the municipality or
26 county [~~because the area is~~] also included in an enterprise zone
27 designated under Chapter 2303.

1 SECTION 6. Section 2310.102, Government Code, is amended to
2 read as follows:

3 Sec. 2310.102. [~~ADVERSELY AFFECTED~~] DEFENSE-DEPENDENT
4 COMMUNITY. A municipality or county is a [~~an adversely affected~~]
5 defense-dependent community if, as applicable, the municipality or
6 county encompasses any part of a federally owned or operated
7 military installation or mission that is functioning on or after
8 May 19, 1997 [~~the bank determines that:~~

9 [~~(1) the municipality or county requires assistance~~
10 ~~because of:~~

11 [~~(A) the proposed or actual establishment,~~
12 ~~realignment, or closure of a defense facility;~~

13 [~~(B) the cancellation or termination of a United~~
14 ~~States Department of Defense contract or the failure of the~~
15 ~~department of defense to proceed with an approved major weapon~~
16 ~~system program;~~

17 [~~(C) a publicly announced planned major~~
18 ~~reduction in department of defense spending that would directly and~~
19 ~~adversely affect the municipality or county; or~~

20 [~~(D) the closure or a significant reduction of~~
21 ~~the operations of a defense facility as the result of a merger,~~
22 ~~acquisition, or consolidation of a defense contractor operating the~~
23 ~~facility; and~~

24 [~~(2) the municipality or county is expected to~~
25 ~~experience, during the period between the beginning of the federal~~
26 ~~fiscal year during which an event described by Subdivision (1) is~~
27 ~~finally approved and the date that the event is to be substantially~~

1 ~~completed, a direct loss of:~~

2 ~~[(A) 2,500 or more defense worker jobs in any~~
3 ~~area of the municipality or county that is located in an urbanized~~
4 ~~area of a metropolitan statistical area;~~

5 ~~[(B) 1,000 or more defense worker jobs in any~~
6 ~~area of the municipality or county that is not located in an~~
7 ~~urbanized area of a metropolitan statistical area; or~~

8 ~~[(C) one percent of the civilian jobs in the~~
9 ~~municipality or county].~~

10 SECTION 7. Section 2310.109, Government Code, is amended to
11 read as follows:

12 Sec. 2310.109. PERIOD OF DESIGNATION. A ~~[An area may be~~
13 ~~designated as a]~~ readjustment zone ~~[for a maximum of seven years.~~
14 A] designation remains in effect indefinitely so long as the
15 municipality or county, as applicable, continues to qualify for
16 designation as a readjustment zone under this chapter ~~[until~~
17 ~~September 1 of the final year of the designation].~~

18 SECTION 8. Section 2310.111(a), Government Code, is amended
19 to read as follows:

20 (a) The bank may remove the designation of an area
21 designated as a readjustment zone before September 1, 2023, if:

22 (1) the area no longer meets the criteria for
23 designation under this chapter, as this chapter existed on January
24 1, 2023, or by rule of the office adopted under this chapter before
25 September 1, 2023; or

26 (2) the bank determines that the governing body of the
27 readjustment zone has not complied with commitments made in the

1 ordinance or order nominating the area as a readjustment zone
2 before September 1, 2023.

3 SECTION 9. Section 2310.201, Government Code, is amended to
4 read as follows:

5 Sec. 2310.201. ADMINISTRATION BY GOVERNING BODY. (a) The
6 governing body of a readjustment zone is the governing body of the
7 municipality or county [~~, or the governing bodies of the combination~~
8 ~~of municipalities or counties, that applied to have the area]~~
9 designated as a readjustment zone.

10 (b) The governing body with administration authority over a
11 defense readjustment project for which a designation is sought
12 under Section 2310.002(b)(1) is determined under the terms of an
13 interlocal agreement required by Section 2310.002(c).

14 (c) The governing body with administrative authority over a
15 defense readjustment project for which a designation is sought
16 under Section 2310.002(b)(2) or (3) is the governing body of the
17 municipality or county, as applicable, applying to the bank for
18 that designation.

19 SECTION 10. Section 2310.204(c), Government Code, is
20 amended to read as follows:

21 (c) The report must include for the year preceding the date
22 of the report:

23 (1) a list of local incentives for community
24 development available in the zone;

25 (2) the use of local incentives [~~for which the~~
26 ~~governing body provided in the ordinance or order nominating the~~
27 ~~readjustment zone]~~ and the effect of those incentives on revenue;

1 (3) the number of businesses assisted, located, and
2 retained in the zone since its designation due to the existence of
3 the readjustment zone;

4 (4) a summary of all industrial revenue bonds issued
5 to finance projects located in the zone; and

6 (5) a description of all efforts made to attain
7 revitalization goals for the zone.

8 SECTION 11. Section 2310.301, Government Code, is amended
9 to read as follows:

10 Sec. 2310.301. DEFINITIONS [~~DEFINITION~~]. In this
11 subchapter:

12 (1) "New [~~new~~ permanent job" means a new employment
13 position created by a qualified business as described by Section
14 2310.302 that:

15 (A) [~~(1)~~] has provided at least 1,820 hours of
16 employment a year to a qualified employee; and

17 (B) [~~(2)~~] is intended to exist during the period
18 that the qualified business is designated as a defense readjustment
19 project under Section 2310.306.

20 (2) "Retained job" means a job that:

21 (A) existed with a qualified business on the 91st
22 day before the date the business's project or activity is
23 designated as a defense readjustment project;

24 (B) has provided and will continue to provide
25 employment to a qualified employee of at least 1,820 hours a year;
26 and

27 (C) will be or has been an employment position

1 for the longer of:

2 (i) the duration of the project's
3 designation period; or

4 (ii) three years after the expiration date
5 of the claim period for receipt of a state benefit authorized by
6 this chapter.

7 SECTION 12. Section 2310.302(a), Government Code, is
8 amended to read as follows:

9 (a) A person is a qualified business if the bank, for the
10 purpose of state benefits under this chapter, or the governing body
11 of a readjustment zone, for the purpose of local benefits,
12 certifies that:

13 (1) the person is engaged in or has provided
14 substantial commitment to initiate the active conduct of a trade or
15 business in the readjustment zone; ~~and~~

16 (2) at least 50 ~~25~~ percent of the person's ~~new~~
17 employees in the readjustment zone are:

18 (A) residents of the governing jurisdiction;

19 (B) economically disadvantaged individuals, as
20 defined by Section 2303.402(c); ~~or~~

21 (C) dislocated defense workers; or

22 (D) veterans; and

23 (3) the person:

24 (A) either:

25 (i) has a United States Department of
26 Defense contract; or

27 (ii) as determined by the Texas Military

1 Preparedness Commission:

2 (a) furthers the mission of the
3 readjustment zone's military installation; or

4 (b) adds military value to the
5 readjustment zone's military installation or community; or

6 (B) is related to the defense, aerospace, or
7 advanced manufacturing industry.

8 SECTION 13. Section 2310.303, Government Code, is amended
9 to read as follows:

10 Sec. 2310.303. PROHIBITION ON QUALIFIED BUSINESS
11 CERTIFICATION; LIMIT ON DEFENSE READJUSTMENT PROJECT DESIGNATIONS.

12 If the bank determines that the governing body of a readjustment
13 zone is not complying with this chapter, the bank shall prohibit the
14 certification of a qualified business in the zone until the bank
15 determines that the governing body is complying with this chapter.
16 The bank may not designate more than 21 [~~two~~] defense readjustment
17 projects during any biennium [~~in a single readjustment zone~~].

18 SECTION 14. Section 2310.305(b), Government Code, is
19 amended to read as follows:

20 (b) An application must:

21 (1) describe the procedures and efforts of the
22 governmental entity or entities [~~that applied to have the area~~
23 ~~designated as a readjustment zone~~] to facilitate and encourage
24 participation by and negotiation among affected entities in the
25 zone in which the qualified business is located;

26 (2) contain an economic analysis of the plans of the
27 qualified business for expansion, revitalization, or other

1 activity in the readjustment zone, including:

2 (A) the number of anticipated new permanent jobs
3 the business will create during the designation period presented in
4 the form of a tabular listing of:

5 (i) the classification titles of those
6 jobs; and

7 (ii) the number of jobs and salary range for
8 each classification title;

9 (B) the anticipated number of permanent jobs the
10 business will retain during the designation period presented in the
11 form of a tabular listing of:

12 (i) the classification titles of those
13 jobs; and

14 (ii) the number of jobs and salary range for
15 each classification title;

16 (C) the amount of investment to be made in the
17 zone; ~~and~~

18 (D) other information the bank requires;

19 (E) the number of employment positions in
20 existence at the qualified business site on the 91st day before the
21 application deadline; and

22 (F) if the application is for a double or triple
23 jumbo defense readjustment project, as defined by Section 2310.307,
24 an indication of which level of designation is being sought; and

25 (3) describe the local effort made by the governmental
26 entity or entities [~~that applied to have the area designated as a~~
27 ~~readjustment zone~~], the administrative authority, if one exists,

1 the qualified business, and other affected entities to develop and
2 revitalize the zone.

3 SECTION 15. Section 2310.306, Government Code, is amended
4 by amending Subsection (a) and adding Subsections (d-1), (e), (f),
5 and (g) to read as follows:

6 (a) The bank may designate a qualified business as a defense
7 readjustment project only if [~~the bank determines that~~]:

8 (1) the bank determines that:

9 (A) the business is a qualified business under
10 Section 2310.302 that is located in or has made a substantial
11 commitment to locate in a defense readjustment zone;

12 (B) [~~(2)~~] the governing body of the readjustment
13 zone making the application has demonstrated that a high level of
14 cooperation exists among public, private, and neighborhood
15 entities in the zone; and

16 (C) [~~(3)~~] the designation will contribute
17 significantly to the achievement of the plans of the governing body
18 making the application for development and revitalization of the
19 zone; or

20 (2) if the qualified business is seeking job retention
21 benefits, the business has clearly demonstrated that:

22 (A) the permanent employees of the business will
23 be permanently laid off;

24 (B) the business will close down permanently;

25 (C) the business will relocate out of state;

26 (D) the business is able to employ individuals in
27 accordance with Section 2310.302; or

1 (E) the business facility has been legitimately
2 destroyed or substantially impaired because of fire, flood,
3 tornado, hurricane, or any other natural disaster and that at least
4 60 percent of the capital investment is being spent to repair
5 damages resulting from the disaster.

6 (d-1) The office may not designate multiple concurrent
7 defense readjustment projects to a qualified business located in a
8 readjustment zone.

9 (e) Subject to Subsection (f), the maximum number of defense
10 readjustment projects that the bank may designate for each
11 readjustment zone during any biennium is:

12 (1) one, if the readjustment zone is a municipality or
13 county with a population of less than 500,000; or

14 (2) three, if the readjustment zone is a municipality
15 or county with a population of 500,000 or more.

16 (f) The bank may only designate a maximum number of three
17 defense readjustment projects in one county during any biennium,
18 which includes a designated defense readjustment project in a
19 municipality in the county, regardless of whether the governing
20 body of the county or a municipality in the county applied for the
21 designation.

22 (g) An approved designation as a double jumbo defense
23 readjustment project, as defined by Section 2310.307, counts as two
24 project designations against both the bank for purposes of
25 Subsections (e) and (f) and the number of defense readjustment
26 project designations allowed statewide per biennium under Section
27 2310.303. An approved designation as a triple jumbo defense

1 readjustment project, as defined by Section 2310.307, counts as
2 three project designations against both the bank for purposes of
3 Subsections (e) and (f) and the number of defense readjustment
4 project designations allowed statewide per biennium under Section
5 2310.303.

6 SECTION 16. Section 2310.307, Government Code, is amended
7 to read as follows:

8 Sec. 2310.307. ALLOCATION OF JOBS ELIGIBLE FOR TAX REFUND.

9 (a) The [~~When the bank designates a business as a defense~~
10 ~~readjustment project, the~~] bank shall allocate to a defense
11 readjustment [~~the~~] project the maximum number of new permanent jobs
12 or retained jobs eligible based on the amount of capital investment
13 made in the project, the project's designation level, and the
14 refund per job with a maximum refund to be included in a computation
15 of a tax refund for the project.

16 (b) A capital investment in a project of:

17 (1) \$1,000,000 to \$4,999,999.99 will result in a
18 refund of up to \$2,500 per job with a maximum refund of \$312,500 for
19 the creation or retention of 150 jobs;

20 (2) \$5,000,000 or more will result in a refund of up to
21 \$2,500 per job with a maximum refund of \$1,250,000 for the creation
22 or retention of 500 jobs, except as provided by Subdivision (3) or
23 (4);

24 (3) \$150,000,000 to \$249,999,999.99 will result in a
25 refund of up to \$5,000 per new permanent job with a maximum refund
26 of \$2,500,000 for the creation of 500 new permanent jobs if the bank
27 designates the project as a double jumbo defense readjustment

1 project; or

2 (4) \$250,000,000 or more will result in a refund of up
3 to \$7,500 per new permanent job with a maximum refund of \$3,750,000
4 for the creation of at least 500 new permanent jobs if the bank
5 designates the project as a triple jumbo defense readjustment
6 project.

7 (c) A defense readjustment project for which a commitment
8 for a capital investment in the range amount and the creation of the
9 number of new permanent jobs specified by Subsection (b)(3) is made
10 is considered a "double jumbo defense readjustment project" if the
11 project is so designated by the bank.

12 (d) A defense readjustment project for which a commitment
13 for a capital investment in the range amount and the creation of the
14 number of new permanent jobs specified by Subsection (b)(4) is made
15 is considered a "triple jumbo defense readjustment project" if the
16 project is so designated by the bank. [~~The number may not exceed 500~~
17 ~~or a number equal to 110 percent of the number of anticipated new~~
18 ~~permanent jobs or retained jobs specified in the application for~~
19 ~~designation of the business as a defense readjustment project under~~
20 ~~Section 2310.305, whichever is less.]~~

21 SECTION 17. Subchapter E, Chapter 2310, Government Code, is
22 amended by adding Section 2310.3071 to read as follows:

23 Sec. 2310.3071. MAXIMUM TAX REFUND. (a) In this section,
24 "double jumbo defense readjustment project" and "triple jumbo
25 defense readjustment project" have the meanings assigned by Section
26 2310.307.

27 (b) A defense readjustment project is eligible for a maximum

1 refund of \$250,000 in each state fiscal year.

2 (c) A double jumbo defense readjustment project is eligible
3 for a maximum refund of \$500,000 in each state fiscal year.

4 (d) A triple jumbo defense readjustment project is eligible
5 for a maximum refund of \$750,000 in each state fiscal year.

6 SECTION 18. Section [2310.308](#), Government Code, is amended
7 to read as follows:

8 Sec. 2310.308. DURATION OF CERTAIN DESIGNATIONS. (a) The
9 bank's designation of a qualified business as a defense
10 readjustment project is effective until the fifth anniversary of
11 the date on which the designation is made regardless of whether the
12 readjustment zone in which the project is located expires before
13 the fifth anniversary of the project.

14 (b) The bank may not designate a qualified business as a
15 defense readjustment project for more than two consecutive
16 designation periods described by Subsection (a).

17 SECTION 19. Section [2310.405\(a\)](#), Government Code, is
18 amended to read as follows:

19 (a) To encourage economic ~~[the]~~ development in the
20 municipality ~~[of areas designated as readjustment zones]~~, the
21 governing body of a municipality designated as a readjustment zone
22 under this chapter, through a program, may refund its local sales
23 and use taxes paid by a qualified business on all taxable items
24 purchased for use at the qualified business site related to the
25 project or activity [+

26 ~~[(1) the purchase, lease, or rental of equipment or~~
27 ~~machinery for use in a readjustment zone,~~

1 ~~[(2) the purchase of material for use in remodeling,~~
2 ~~rehabilitating, or constructing a structure in a readjustment zone,~~
3 ~~[(3) labor for remodeling, rehabilitating, or~~
4 ~~constructing a structure in a readjustment zone, and~~
5 ~~[(4) electricity and natural gas purchased and~~
6 ~~consumed in the normal course of business in the readjustment~~
7 ~~zone].~~

8 SECTION 20. Section 2310.409, Government Code, is amended
9 to read as follows:

10 Sec. 2310.409. OTHER LOCAL INCENTIVES. (a) The governing
11 body of a municipality or county that is the governing body of a
12 readjustment zone may:

13 (1) defer compliance in the zone with the subdivision
14 and development ordinances or rules, other than those relating to
15 streets and roads or sewer or water services, of the municipality or
16 county, as appropriate;

17 (2) ~~[give priority to the zone for the receipt of:~~
18 ~~[(A) community development block grant money,~~
19 ~~[(B) industrial revenue bonds, or~~
20 ~~[(C) funds received for job training,~~
21 ~~[(3) adopt and implement a plan for police protection~~
22 ~~in the zone,~~

23 ~~[(4)]~~ amend the zoning ordinances of the municipality
24 or county, as appropriate, to promote economic development in the
25 zone;

26 (3) ~~[(5)]~~ establish permitting preferences for
27 businesses in the zone;

1 (4) [~~(6)~~] establish simplified, accelerated, or other
2 special permit procedures for businesses in the zone;

3 (5) [~~(7)~~] waive development fees for projects in the
4 zone;

5 (6) [~~(8)~~] create a local readjustment zone fund for
6 funding bonds or other programs or activities to develop or
7 revitalize the zone;

8 (7) [~~(9)~~] for qualified businesses in the zone, reduce
9 rates charged by:

10 (A) a utility owned by the municipality or
11 county, as appropriate; or

12 (B) a cooperative corporation or utility owned by
13 private investors, subject to the requirements of Subsection (b);

14 (8) [~~(10)~~] in issuing housing finance bonds, give
15 priority to persons or projects in the zone;

16 (9) [~~(11)~~] in providing services, give priority to
17 local economic development, educational, job training, or
18 transportation programs that benefit the zone; or

19 (10) [~~(12)~~] sell real property owned by the
20 municipality or county, as appropriate, and located in the
21 readjustment zone in accordance with Section [2310.410](#).

22 (b) A reduction in utility rates under Subsection (a)(7)(B)
23 [~~(a)(9)(B)~~] is subject to the agreement of the affected utility and
24 the approval of the appropriate regulatory authority under Title 2,
25 Utilities Code. The rates may be reduced up to but not more than
26 five percent below the lowest rate allowable for that customer
27 class. In making its determination under this section, the

1 regulatory authority shall consider revitalization goals for the
2 readjustment zone. In setting the rates of the utility the
3 appropriate regulatory authority shall allow the utility to recover
4 the amount of the reduction.

5 SECTION 21. Section [151.4291](#), Tax Code, is amended by
6 amending Subsections (a), (b), (c), and (e) and adding Subsection
7 (i) to read as follows:

8 (a) A defense readjustment project is eligible for a refund
9 in the amount provided by this section of the taxes imposed by this
10 chapter on purchases of all taxable items purchased for use at the
11 qualified business site related to the project or activity~~+~~

12 ~~[(1) equipment or machinery sold to a defense~~
13 ~~readjustment project for use in a readjustment zone;~~

14 ~~[(2) building materials sold to a defense readjustment~~
15 ~~project for use in remodeling, rehabilitating, or constructing a~~
16 ~~structure in a readjustment zone;~~

17 ~~[(3) labor for remodeling, rehabilitating, or~~
18 ~~constructing a structure by a defense readjustment project in a~~
19 ~~readjustment zone; and~~

20 ~~[(4) electricity and natural gas purchased and~~
21 ~~consumed in the normal course of business in the readjustment~~
22 ~~zone].~~

23 (b) Subject to the limitations provided by Subsection (c)
24 ~~[of this section]~~, a defense readjustment project qualifies for a
25 refund of taxes under this section based on the amount of capital
26 investment made at the qualified business site, the project's
27 designation level, and the refund per job with a maximum refund to

1 be included in a computation of a tax refund for the project. A
2 capital investment at the qualified business site of:

3 (1) \$1,000,000 to \$4,999,999.99 will result in a
4 refund of up to \$2,500 per job with a maximum refund of \$312,500 for
5 the creation or retention of 150 jobs;

6 (2) \$5,000,000 or more will result in a refund of up to
7 \$2,500 per job with a maximum refund of \$1,250,000 for the creation
8 or retention of 500 jobs, except as provided by Subdivision (3) or
9 (4);

10 (3) \$150,000,000 to \$249,999,999.99 will result in a
11 refund of up to \$5,000 per new permanent job with a maximum refund
12 of \$2,500,000 for the creation of 500 new permanent jobs if the
13 Texas Economic Development Bank designates the project as a double
14 jumbo defense readjustment project; or

15 (4) \$250,000,000 or more will result in a refund of up
16 to \$7,500 per new permanent job with a maximum refund of \$3,750,000
17 for the creation of at least 500 new permanent jobs if the Texas
18 Economic Development Bank designates the project as a triple jumbo
19 defense readjustment project [~~of \$2,500 for each new permanent job~~
20 ~~or job that has been retained by the defense readjustment project~~
21 ~~for a qualified employee].~~

22 (c) The total amount of tax refund that a defense
23 readjustment project may apply for in a state fiscal year may not
24 exceed \$250,000, at not more than \$2,500 per job. The total amount
25 of tax refund that a double jumbo defense readjustment project may
26 apply for in a state fiscal year may not exceed \$500,000, at not
27 more than \$5,000 per new permanent job. The total amount of tax

1 refund that a triple jumbo defense readjustment project may apply
2 for in a state fiscal year may not exceed \$750,000, at not more than
3 \$7,500 per new permanent job. If a defense readjustment project,
4 double jumbo defense readjustment project, or triple jumbo defense
5 readjustment project qualifies in a state fiscal year for a refund
6 of taxes in an amount in excess of the applicable limitation
7 provided by this subsection, it may apply for a refund of those
8 taxes in a subsequent year, subject to the applicable limitation
9 for each year. The total amount that may be refunded to:

10 (1) a defense readjustment project under this section
11 may not exceed the amount determined by multiplying \$250,000 by the
12 number of state fiscal years during which the defense readjustment
13 project created or retained one or more jobs for qualified
14 employees;

15 (2) a double jumbo defense readjustment project under
16 this section may not exceed the amount determined by multiplying
17 \$500,000 by the number of state fiscal years during which the double
18 jumbo defense readjustment project created one or more new
19 permanent jobs for qualified employees; or

20 (3) a triple jumbo defense readjustment project under
21 this section may not exceed the amount determined by multiplying
22 \$750,000 by the number of state fiscal years during which the triple
23 jumbo defense readjustment project created one or more new
24 permanent jobs for qualified employees. [~~If a defense readjustment~~
25 ~~project qualifies in a state fiscal year for a refund of taxes in an~~
26 ~~amount in excess of the limitation provided by this subsection, it~~
27 ~~may apply for a refund of those taxes in a subsequent year, subject~~

1 ~~to the \$250,000 limitation for each year. However, a defense~~
2 ~~readjustment project may not apply for a refund under this section~~
3 ~~after the end of the state fiscal year immediately following the~~
4 ~~state fiscal year in which the defense readjustment project's~~
5 ~~designation as a defense readjustment project expires or is~~
6 ~~removed. The total amount that may be refunded to a defense~~
7 ~~readjustment project under this section may not exceed the amount~~
8 ~~determined by multiplying \$250,000 by the number of state fiscal~~
9 ~~years during which the defense readjustment project created one or~~
10 ~~more jobs for qualified employees.]~~

11 (e) In this section:

12 (1) "Defense readjustment project" means a person
13 designated by the Texas Economic Development Bank as a defense
14 readjustment project under Chapter 2310, Government Code.

15 (2) "Readjustment zone" and "qualified employee" have
16 the meanings assigned to those terms by Section 2310.001,
17 Government Code.

18 (3) "New permanent job" means a new employment
19 position created by a qualified business as described by Section
20 2310.302, Government Code, that:

21 (A) has provided at least 1,820 hours of
22 employment a year to a qualified employee; and

23 (B) is intended to exist during the period that
24 the qualified business is designated as a defense readjustment
25 project under Chapter 2310, Government Code.

26 (4) "Retained job" has the meaning assigned by Section
27 2310.301, Government Code.

1 (5) "Double jumbo defense readjustment project" and
2 "triple jumbo defense readjustment project" have the meanings
3 assigned by Section 2310.307, Government Code.

4 (i) As provided by Subsection (c), a double jumbo defense
5 readjustment project is eligible for a maximum refund of \$500,000
6 and a triple jumbo defense readjustment project is eligible for a
7 maximum refund of \$750,000 in each state fiscal year.

8 SECTION 22. The following provisions of the Government Code
9 are repealed:

- 10 (1) Section 2310.001(4);
- 11 (2) Section 2310.053(d);
- 12 (3) Section 2310.103;
- 13 (4) Section 2310.104;
- 14 (5) Section 2310.105;
- 15 (6) Section 2310.106;
- 16 (7) Section 2310.107;
- 17 (8) Section 2310.108;
- 18 (9) Section 2310.110; and
- 19 (10) Section 2310.407.

20 SECTION 23. The changes in law made by this Act to Chapter
21 2310, Government Code, apply only to an application for a
22 designation of a project or activity under the defense economic
23 readjustment zone program under Chapter 2310, Government Code, as
24 amended by this Act, that is filed on or after the effective date of
25 this Act. An application for designation of a project or activity
26 under the defense economic readjustment zone program that is filed
27 before the effective date of this Act is governed by the law in

1 effect on the date the application was filed, and the former law is
2 continued in effect for that purpose.

3 SECTION 24. The changes in law made by this Act to Section
4 [151.4291](#), Tax Code, apply only to an application for a tax refund
5 made on or after the effective date of this Act. An application for
6 a tax refund made before the effective date of this Act is governed
7 by the law in effect on the date the application was made, and the
8 former law is continued in effect for that purpose.

9 SECTION 25. The comptroller of public accounts is required
10 to implement the changes in law made by this Act only if the
11 legislature appropriates money specifically for that purpose. If
12 the legislature does not appropriate money specifically for that
13 purpose, the comptroller may, but is not required to, implement
14 this Act using other appropriations available for that purpose.

15 SECTION 26. This Act takes effect September 1, 2023.