

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 12, 2023

TO: Honorable Angie Chen Button, Chair, House Committee on International Relations & Economic Development

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2644 by Craddick (relating to the definition of qualified employee for purposes of the enterprise zone program.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2644, Committee Report 1st House, Substituted : a negative impact of (\$29,990,000) through the biennium ending August 31, 2025.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2024	(\$25,300,000)
2025	(\$4,690,000)
2026	(\$4,720,000)
2027	(\$4,730,000)
2028	(\$4,730,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1
2024	(\$25,300,000)
2025	(\$4,690,000)
2026	(\$4,720,000)
2027	(\$4,730,000)
2028	(\$4,730,000)

Fiscal Analysis

The bill would amend the Government Code relating to Enterprise Zones, by stipulating a person who performs at least 50 percent of their services offsite for a business at a qualified site, is a qualified employee. The bill would remove the requirement that a person must be involved in the transportation of goods or services if they are not employed onsite to qualify as a qualified employee. These provisions would apply only to a resident of Texas.

The provisions of the bill would apply prospectively, as well as to an enterprise project that is under audit or subject to audit by the Comptroller's Office, on or after the effective date of the bill.

Methodology

The expansion of the definition of qualified employee to include on who performs at least 50 percent of their duties offsite would increase the number of qualified employees eligible to be counted in the determination of refund claims and would increase the amounts of refunds paid to qualified businesses.

According to the Comptroller's Office, there are approximately 400 projects being monitored and 11,000 employees who were denied as a result of offsite work that would be counted as a qualified employee under the provisions of the bill. This analysis indicates estimated refunds that would be paid in the first year for periods before the effective date still subject to audit and the amount of refunds that would be paid in the future for teleworkers or other offsite employees who would not count as qualified employees under current law. This analysis assumes that all denied employees are Texas residents.

According to the Office of the Governor, no fiscal implications are anticipated from the provisions of the bill.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 300 Trusteed Programs Within the Office of the Governor, 304 Comptroller of Public Accounts

LBB Staff: JMc, SZ, LCO, HGR, NV