

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: HB3374 by Button (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 HB3374, Committee Report 1st House, Substituted : a negative impact of (\$16,536,000) 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	(\$16,536,000)
2025	\$0
2026	\$0
2027	\$0
2028	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1
2024	(\$16,536,000)
2025	\$0
2026	\$0
2027	\$0
2028	\$0

Fiscal Analysis

The bill would amend the Government Code to waive the requirement that a qualified employee perform at least 50 percent of their duties at the qualified business site to be counted as a qualified employee, at any time during the COVID relief period, which is defined as the period beginning March 2, 2020, and ending December 31, 2021. A qualified employee would be a resident of the state.

The bill would apply to an audit the by the Comptroller that would be considering whether an enterprise project is eligible for a tax refund under Section 151.429 and that is not finally completed by the effective date of the bill.

The provisions of the bill would apply to any audit by the Comptroller considering whether an enterprise

project is eligible for a tax refund under Section 151.429 and not finally completed by the effective date of the bill.

Methodology

The bill provides a waiver of the required minimum percentage of duties performed at a qualified job site would result in payment of sales tax refunds to businesses with enterprise zone project designations that failed to remain eligible for the refunds or whose refunds were reduced for 2020 and 2021 due to employees working off-site at any time between March 1, 2020 and December 31, 2021. The waiver would apply to any employee who did not meet the on-site work performance requirement, regardless of whether the requirement was not met due to COVID-related disruption of normal business operations.

According to the Comptroller's Office, there have been 11,024 refund eligibility denials regarding employees who did not meet the on-site work requirement. This estimate assumes all refunds would be paid in fiscal year 2024.

Technology

There be no technology impact from this bill.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time.

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

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