

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 22, 2025

TO: Honorable Phil King, Chair, Senate Committee on Economic Development

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB2747 by Paxton (Relating to limitations applicable to certain agreements providing for a rebate of municipal sales and use taxes or a grant or loan based on those taxes.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would modify limitations applicable to certain agreements providing for a rebate of municipal sales and use taxes or a grant or loan based on those taxes.

The bill would stipulate the amount of a rebate, grant, or loan described by this section may not exceed the amount of any similar rebate, grant, or loan provided by the municipality from which the business is relocating. A weighted average amount would be used if the business is relocating from multiple municipalities in the state to another municipality in the state.

The bill would not apply to agreements entered into prior to the effective date of the bill; except in instances of renewal, modification, or extension of such a pre-existing agreement, the amendment of which occurs after the effective date of the bill.

The bill would take effect September 1, 2025.

Local Government Impact

A municipality may enter into an agreement with a business to provide a local sales tax rebate to the business as an enticement to locate or relocate to a given municipality. The bill would limit the rebate amount and duration of the agreement to the amount or weighted average amount, as the case may be, to the amount the business currently receives from the municipality or municipalities in which it is located (within the state).

The number of businesses that might relocate from one or more municipalities in this state to another municipality in this state as a result of an agreement described in the bill is unknown; therefore, the fiscal implications to municipalities cannot be determined.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, RStu, SD, KK