

BILL ANALYSIS

S.B. 100
By: Hinojosa
Economic & Small Business Development
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested observers contend that the objective of the Texas Enterprise Zone Act is to create jobs in economically distressed communities by providing businesses with performance-based incentives to locate and invest in economically distressed areas. These observers believe that the enterprise zone program has moved away from its mission of creating jobs and now primarily awards projects for job retention. S.B. 100 seeks to remedy this situation by restructuring the program with a renewed emphasis on projects that create new jobs.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 100 amends the Government Code to remove the minimum population threshold for a county the governing body of which is authorized under the Texas Enterprise Zone Act to nominate for designation as an enterprise project a project or activity of a qualified business that is located within the jurisdiction of a municipality located in the county. The bill removes the prohibition against a county using in any one municipality during any biennium more than three of the maximum number of enterprise project designations the county is permitted for that biennium. The bill requires the nominating county, before making such a nomination, to enter into an interlocal agreement with the municipality that has jurisdiction of the territory in which the nominated project or activity will be located. The bill requires the interlocal agreement to specify that either the nominating county or the municipality that has jurisdiction of the territory in which the nominated project or activity will be located is the governmental body having administration authority over the nominated enterprise project and that both the nominating county and municipality approve the nomination. The bill authorizes a county during any biennium to use the maximum number of designations the county is permitted under statutory provisions relating to enterprise project designation within the described territory.

S.B. 100 adds such an interlocal agreement to the documents and other information that a nominating body is required to submit to the Texas Economic Development Bank before nominating a project or activity of a qualified business for designation as an enterprise project and replaces the requirement to submit a transcript of certain public hearings with the requirement to submit a certified copy of minutes of those hearings among those required documents. The bill revises the criteria under which a person is considered a qualified business, for purposes of local incentives or state benefits under statutory provisions governing enterprise

zones, to require certification that the required percentage of the person's new permanent jobs, whether in an enterprise zone or at a qualified business site in an area that does not qualify as an enterprise zone, as applicable, are held by residents of any enterprise zone in Texas, economically disadvantaged individuals, or veterans.

S.B. 100 removes the exclusion of a qualified business located in a federally designated empowerment zone, or in a federally designated renewal community or a federal enterprise community, that will receive priority designation in allocating the number of enterprise projects allowed statewide per biennium from provisions that require the bank to designate qualified businesses as enterprise projects on a competitive basis. The bill authorizes an enterprise project designation to be split into two half designations, with a half designation using one-half of one of the enterprise project designations allowed to a nominating body and to the bank. The bill replaces the authorization for the Texas Economic Development and Tourism Office to designate, during any biennium, multiple concurrent enterprise projects to a qualified business located at a qualified business site with a blanket prohibition against such multiple concurrent enterprise project designations.

S.B. 100 revises the criteria on which the tax refund and maximum tax refund amounts for capital investment in an enterprise project of \$150 million or more are based by specifying that the applicable per-job refund amount is per new permanent job and that the maximum refund amount is for the creation of 500 new permanent jobs, excluding the retention of existing jobs, if the bank designates the project as a double or triple jumbo enterprise project, as applicable. The bill caps at 250 the number of jobs that the bank is authorized to allocate to an enterprise project split into two half designations. The bill makes a half enterprise project eligible for a maximum refund not to exceed \$125,000 in each state fiscal year and subjects such a project to certain capital investment and job allocation requirements.

S.B. 100 amends the Tax Code to make conforming changes.

S.B. 100 repeals Section 2303.109(b), Government Code.

EFFECTIVE DATE

September 1, 2015.