

BILL ANALYSIS

Senate Research Center

H.B. 3140
By: Swinford (Haywood)
Finance
5/11/2001
Engrossed

DIGEST AND PURPOSE

The 76th Legislature passed legislation which provided for certain franchise tax credits for business activity in counties deemed strategic investment areas with the goal of stimulating economic development. The investment tax credit, which authorized a corporation to establish credit equal to 7.5 percent of qualified capital investment, and the job creation credit, which authorized a corporation to establish credit equal to 25 percent of the total wages and salaries paid by the corporation for qualifying jobs, were made available to agricultural processing corporations located in counties that have a population of less than 50,000. Agricultural processing is defined by activities described by certain codes from the Standard Industrial Classification Manual (manual) published by the federal Office of Management and Budget. However, there is concern that the listing of these codes is not exhaustive and some additional codes may be needed to allow more innovations and flexibility. The added codes would include processing activities such as producing organic fibers, medicinals, soap, gum and wood chemicals, industrial organic chemicals, adhesives, sealants, gelatin, and art goods. H.B. 3140 adds codes from the manual to the current definition of "agricultural processing."

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 171.751(1), Tax Code, to define "agricultural processing."

SECTION 2. Effective date: January 1, 2002. Makes application of this Act prospective.