

## **BILL ANALYSIS**

C.S.H.B. 1250  
By: Murphy  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

There is concern that the meaning of the term "qualifying job" under the Texas Economic Development Act has inhibited economic growth due to requirements that businesses pay the county average wage for manufacturing jobs in the county where the job is located. Interested parties contend that the current wage requirement has impeded several counties in attracting manufacturing projects because the average county wages in those counties are disproportionately higher than wages in neighboring counties and that the state median annual manufacturing wage, which may be less skewed by wage outliers, is a better indicator of true manufacturing wages. C.S.H.B. 1250 seeks to address this concern.

### **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**

C.S.H.B. 1250 amends the Tax Code to change the minimum wage a job created by a property owner must pay to be considered a qualifying job for the purpose of determining the property owner's eligibility for a limitation on the appraised value of property under the Texas Economic Development Act from at least 110 percent of the county average weekly wage for manufacturing jobs in the county where the job is located to at least 110 percent of the lesser of the state median annual wage for manufacturing jobs in Texas or the county average annual wage for manufacturing jobs in the county where the job is located. The bill clarifies that in addition to other criteria a "qualifying job" means a permanent full-time job that is not transferred from one area in Texas to another area in Texas unless the transfer represents a net new job in Texas.

C.S.H.B. 1250 makes mandatory the Texas Workforce Commission's (TWC) authorization to adopt rules to implement provisions of the act that authorize the satisfaction of the minimum required number of qualifying jobs if the TWC determines that the cumulative economic benefits to the state of the jobs created is the same or greater than that associated with the minimum required number. The bill requires the TWC to adopt such rules as soon as practicable after the bill's effective date.

C.S.H.B. 1250 removes a requirement for the average weekly wage for all jobs created by the property owner that are not qualifying jobs to exceed the county average weekly wage for all jobs in the county where the jobs are located and instead requires the average annual wage for all

jobs created by the owner that are not qualifying jobs to exceed the lesser of the state median annual wage for all jobs in Texas or the county average annual wage for all jobs in the county where the jobs are located. The bill provides for the definitions of "county average annual wage for manufacturing jobs," "county average annual wage for all jobs," "state median annual wage for manufacturing jobs," and "state median annual wage for all jobs."

C.S.H.B. 1250 requires the comptroller of public accounts to verify the data on which the portion of the applicable report on compliance of agreements entered into under the Texas Economic Development Act regarding an assessment of the progress of each agreement with respect to the number of qualifying jobs each recipient of a limitation on appraised value committed to create, the number of qualifying jobs each recipient created, and the total amount of wages and the median wage of the new qualifying jobs each recipient created is based using information from the TWC, the chief appraiser of the applicable appraisal district, or other sources the comptroller considers reliable.

### **EFFECTIVE DATE**

September 1, 2015.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 1250 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

#### INTRODUCED

SECTION 1. Section 313.021, Tax Code, is amended by amending Subdivisions (3) and (5) and adding Subdivision (6) to read as follows:

(3) "Qualifying job" means a permanent full-time job that:

(A) requires at least 1,600 hours of work a year;

(B) is not transferred from one area in this state to another area in this state;

(C) is not created to replace a previous employee;

(D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and

(E) pays at least 110 percent of the lesser of:

(i) the state median annual wage for manufacturing jobs in the state; or

(ii) the county average annual [weekly] wage for manufacturing jobs in the county where the job is located.

#### HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 313.021, Tax Code, is amended by amending Subdivisions (3) and (5) and adding Subdivision (6) to read as follows:

(3) "Qualifying job" means a permanent full-time job that:

(A) requires at least 1,600 hours of work a year;

(B) is not transferred from one area in this state to another area in this state, unless the transfer represents a net new job in this state;

(C) is not created to replace a previous employee;

(D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and

(E) pays at least 110 percent of the lesser of:

(i) the state median annual wage for manufacturing jobs in the state; or

(ii) the county average annual [weekly] wage for manufacturing jobs in the county where the job is located.

(F) In determining whether a property owner has created the number of qualifying jobs required under this chapter, operations, services and other related jobs created in connection with the project, including those employed by third parties under contract, may satisfy the minimum qualifying jobs requirement for the project if the Texas Workforce Commission determines that the cumulative economic benefits to the state of these jobs is the same or greater than that associated with the minimum number of qualified jobs required to be created under this chapter. The Texas Workforce Commission may adopt rules to implement this subsection.

(5) "County average annual [weekly] wage for manufacturing jobs" and "county average annual wage for all jobs" mean [means]:

(A) the average weekly wage in a county for manufacturing jobs or for all jobs, as applicable, during the most recent four quarterly periods for which data is available at the time a person submits an application for a limitation on appraised value under this subchapter, as computed by the Texas Workforce Commission, multiplied by 52;  
or

(B) the average weekly wage for manufacturing jobs or for all jobs, as applicable, in the region designated for the regional planning commission, council of governments, or similar regional planning agency created under Chapter 391, Local Government Code, in which the county is located during the most recent four quarterly periods for which data is available at the time a person submits an application for a limitation on appraised value under this subchapter, as computed by the Texas Workforce Commission, multiplied by 52.

(6) "State median annual wage for manufacturing jobs" and "state median annual wage for all jobs" mean the median annual wage in the state for manufacturing jobs or for all jobs, as applicable, during the most recent period for which data is available at the time a person submits an application for a limitation on appraised value under this subchapter, as computed by the Texas Workforce Commission.

SECTION 2. Section 313.024(d), Tax

84R 24900

Substitute Document Number: 84R 19391

(F) In determining whether a property owner has created the number of qualifying jobs required under this chapter, operations, services and other related jobs created in connection with the project, including those employed by third parties under contract, may satisfy the minimum qualifying jobs requirement for the project if the Texas Workforce Commission determines that the cumulative economic benefits to the state of these jobs is the same or greater than that associated with the minimum number of qualified jobs required to be created under this chapter. The Texas Workforce Commission shall [may] adopt rules to implement this subsection.

(5) "County average annual [weekly] wage for manufacturing jobs" and "county average annual wage for all jobs" mean [means]:

(A) the average weekly wage in a county for manufacturing jobs or for all jobs, as applicable, during the most recent four quarterly periods for which data is available at the time a person submits an application for a limitation on appraised value under this subchapter, as computed by the Texas Workforce Commission, multiplied by 52;  
or

(B) the average weekly wage for manufacturing jobs or for all jobs, as applicable, in the region designated for the regional planning commission, council of governments, or similar regional planning agency created under Chapter 391, Local Government Code, in which the county is located during the most recent four quarterly periods for which data is available at the time a person submits an application for a limitation on appraised value under this subchapter, as computed by the Texas Workforce Commission, multiplied by 52.

(6) "State median annual wage for manufacturing jobs" and "state median annual wage for all jobs" mean the median annual wage in the state for manufacturing jobs or for all jobs, as applicable, during the most recent period for which data is available at the time a person submits an application for a limitation on appraised value under this subchapter, as computed by the Texas Workforce Commission.

SECTION 2. Same as introduced version.

15.111.866

Code, is amended.

No equivalent provision.

SECTION 3. Section 313.032(c), Tax Code, is amended to read as follows:

(c) The portion of the report described by Subsection (a)(2) must be based on data certified to the comptroller by each recipient or former recipient of a limitation on appraised value under this chapter. The comptroller shall verify the data on which the portion of the report described by Subsections (a)(2)(A), (B), and (C) is based using information from the Texas Workforce Commission, the chief appraiser of the applicable appraisal district, or other sources the comptroller considers reliable.

No equivalent provision.

SECTION 4. As soon as practicable after the effective date of this Act, the Texas Workforce Commission shall adopt rules to implement Section 313.021(3)(F), Tax Code, as amended by this Act.

SECTION 3. The changes in law made by this Act apply only to an agreement entered into under Chapter 313, Tax Code, on or after the effective date of this Act. An agreement entered into under that chapter before the effective date of this Act is governed by the law in effect on the date the agreement was entered into, and the former law is continued in effect for that purpose.

SECTION 5. Sections 313.021 and 313.024, Tax Code, as amended by this Act, apply only to an agreement entered into under Chapter 313, Tax Code, on or after the effective date of this Act. An agreement entered into under that chapter before the effective date of this Act is governed by the law in effect on the date the agreement was entered into, and the former law is continued in effect for that purpose.

SECTION 4. This Act takes effect September 1, 2015.

SECTION 6. Same as introduced version.