

- SUBJECT:** Authorizing half and quarter enterprise zone project designations
- COMMITTEE:** Economic and Small Business Development — committee substitute recommended
- VOTE:** 5 ayes — J. Davis, Vo, R. Anderson, Reynolds, Sheets
0 nays
2 absent — Miles, Murphy
- WITNESSES:** For — Mike Culberson, Corpus Christi Regional Economic Development Corporation; (*Registered, but did not testify:* Rudy Garza, City of Corpus Christi)
Against — None
- BACKGROUND:** Government Code, ch. 2303 is the Texas Enterprise Zone Act, administered by the Texas Economic Development Bank within the Governor’s Office. Subch. F defines and regulates qualified businesses and enterprise projects. The subchapter establishes that the Texas Economic Development Bank may not designate more than 105 enterprise projects during any biennium, and it allocates maximum per-job, annual, and lifetime tax refunds for a project based on the capital investment committed and the number of jobs to be created or retained.

The subchapter also provides for the designation of “double jumbo” and “triple jumbo” enterprise projects based on capital investment and job creation and retention. A double jumbo enterprise project uses two of the 105 project designations that the Texas Economic Development Bank may use per biennium, and a triple jumbo enterprise project uses three.
- DIGEST:** CSHB 2493 would define and authorize the designation of “half” and “quarter” enterprise projects, which would use corresponding fractional amounts of the 105 project designations that the Texas Economic Development Bank can use per biennium under the Texas Enterprise Zone Act. The bill would allow a double jumbo or triple jumbo enterprise project to be split into two half or four quarter designations, among which the maximum tax refunds for the project would be divided accordingly.

The bill would authorize new maximum lifetime tax refunds for the creation or retention of 250 jobs, which would be half of certain existing maximum lifetime tax refunds provided for creation or retention of 500 jobs.

The bill would make conforming changes to subch. F and the Tax Code.

The bill would take immediate effect if finally passed by a two-thirds record vote of the elected membership of each house. Otherwise, it would take effect September 1, 2011.

NOTES:

According the Legislative Budget Board, CSHB 2493 does not sufficiently specify that the maximum refund that a half or quarter project could receive would be proportionally reduced, which could significantly heighten the amount refunded under the Texas Enterprise Zone Act. The potential revenue loss to the state is indeterminate but could be “significantly negative.” The estimated additional administrative cost to the Comptroller’s Office to handle the increased workload of enterprise zone refund verifications under the bill is \$996,000 for fiscal 2012-13.