

## **BILL ANALYSIS**

Senate Research Center

H.B. 3658  
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Economic Development  
5/14/1999  
Engrossed

### **DIGEST**

Currently, the enterprise zone program (program) provides incentives to businesses located in economically distressed neighborhoods. The purpose of this bill is to make technical and substantive changes to the program to increase the efficiency of the program. H.B. 3658 modifies certain reporting and certification requirements, clarifies when a retained job is eligible for enterprise zone benefits, requires enterprise projects to meet certain scoring criteria, and eliminates a specific tax incentive that is infrequently used.

### **PURPOSE**

As proposed, H.B. 3658 sets forth requirements for the enterprise zone program.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2303.003, Government Code, to redefine "department" as the Texas Department of Economic Development, rather than the Texas Department of Commerce, and "qualified hotel project" as a hotel proposed to be constructed by a municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431 (Texas Transportation Corporation Act), Transportation Code, rather than Article 1528l, V.T.C.S., which has been repealed.

SECTION 2. Amends Section 2303.052(d), Government Code, to change the due date for submitting a report regarding the enterprise zone program from December 1 to December 15 of each year

SECTION 3. Amends Section 2303.401, Government Code, as follows:

Sec. 2303.401. DEFINITIONS. Adds the definition of "retained job." Makes conforming changes.

SECTION 4. Amends Section 2303.406, Government Code, to authorize the department to designate a business as an enterprise project only if the department determines the enumerated circumstances, including that if the business is seeking job retention benefits, it takes certain actions.

SECTION 5. Amends Section 2303.511, Government Code, to authorize the governing body of a municipality or county that is the governing body of an enterprise zone to give priority to the zone for the receipt of funds received under Section 1501 et seq.(Statement of Purpose), Title 29 U.S.C.(federal Job Training Partnership Act), rather than Article 4413(52)(repealed), V.T.C.S. (Texas Job Training Partnership Act). Deletes text giving priority to an enterprise zone for the receipt of urban development action grant money. Deletes text providing that a reduction in utility rates is subject to the approval of the appropriate regulatory authority "under Sections 16 and 17, Article 1446c (repealed), V.T.C.S. (Public Utility Regulatory Act)." Deletes reference to the lowest rate "offered to any customer located in the enterprise zone, including economic development rates and standby rates." Authorizes a qualified enterprise project or the governing body of the enterprise zone to petition the appropriate utility and the appropriate regulatory authority to receive a reduced rate.

SECTION 6. Amends Sections 151.429(d), (e), and (g), Tax Code, to redefine "new permanent job" as a new employment position created by a qualified business that has provided at least 1,820 hours, rather than 1,040 hours, of employment a year to a qualified employee. Deletes requirement for the department

to annually certify to the Legislative Budget Board whether the specified level of employment of qualified employees has been maintained. Makes conforming changes.

SECTION 7. Amends Section 171.1015(g), Tax Code, to authorize only enterprise projects, rather than only qualified businesses, that have been certified as eligible for a tax deduction by the department to the comptroller to apply for the tax deduction. Makes conforming changes.

SECTION 8. Effective date: September 1, 1999.

SECTION 9. Emergency clause.