

BILL ANALYSIS

Senate Research Center
77R9391 JMG-D

H.B. 2808
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Business & Commerce
5/11/2001
Engrossed

DIGEST AND PURPOSE

Many areas of the state have experienced prosperity, but border communities have frequently not benefitted from this economic growth. The North American Free Trade Agreement has given hope of economic growth to many stagnant border communities. In order to encourage the construction of new businesses in these communities, it may be helpful to establish zones in which certain construction fees are waived, taxes are refunded or reduced, and baseline performance standards are established to encourage the use of alternative building materials that address concerns relating to the environment or to building cost, maintenance, or energy consumption. H.B. 2808 authorizes a municipality to establish North American Free Trade Agreement impact zones.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

H.B. 2808 amends the Local Government Code to authorize a municipality to create a North American Free Trade Agreement (NAFTA) impact zone (zone) covering a part of the municipality if the municipality determines that the creation of such a zone would promote: business opportunities for local businesses in the zone; an increase in economic development in the zone; or employment opportunities for residents of the zone.

The bill authorizes a municipality to create a zone if the governing body of the municipality adopts a resolution containing the determination described above, a description of the boundaries of the zone, and a finding by the governing body that the creation of the zone satisfies the requirements of criteria for a reinvestment zone. A municipality is authorized to create more than one zone and to include an area in more than one zone.

The bill sets forth additional powers of a municipality relating to a zone. The bill requires a business that operates in a zone and receives benefits as a result of a municipality's action to waive or adopt fees related to the construction of buildings in the zone, enter into agreements for sales tax refunds or tax abatements of municipal sales tax on sales made in the zone, or enter into agreements abating municipal property taxes on property in the zone to make a good faith effort to hire individuals receiving NAFTA transitional adjustment assistance under federal law. The bill requires such a business to annually report to the governing body of the municipality on what percentage of the total number of individuals hired by the business during the year covered by the report is comprised of individuals receiving NAFTA assistance.

Effective date: upon passage or September 1, 2001.