

BILL ANALYSIS

Senate Research Center
77R11584 DAK-D

H.B. 1447
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Finance
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Engrossed

DIGEST AND PURPOSE

The 75th Legislature created defense economic readjustment zones (DERZs) to offer tax credits for a limited time to businesses locating, creating jobs, and investing in areas suffering the economic impact of closed or downsized military installations. The 76th Legislature created research and development, job creation, and investment tax credits for strategic investment areas (SIAs), which are federal urban enterprise communities and counties suffering from above average unemployment and below average per capita income. While the tax refunds offered under a DERZ are similar to the credits offered under an SIA, there is concern that a DERZ refund is generally less valuable than an SIA refund. Adding a DERZ to the definition of an SIA may help to better redevelop communities negatively impacted by closed or downsized military bases by making more businesses eligible for a wider variety of tax incentives. H.B. 1447 adds a DERZ to the definition of an SIA.

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 171.721(2), Tax Code, to redefine “strategic investment area.”

SECTION 2. (a) Effective date: January 1, 2002. Authorizes a corporation to claim a credit under Subchapters O, P, and Q, Chapter 171, Tax Code, in a defense economic readjustment zone designated as a strategic investment area as a result of the change in law made by this Act only on a report originally due on or after that date; and for expenses and payments incurred, qualified investments or expenditures made, and new jobs created in that area on or after that date.

(b) Provides that the change in law made by this Act does not affect taxes imposed before the effective date of this Act, and the law in effect before the effective date of this Act is continued in effect for purposes of the liability for and collection of those taxes.