# Legislative Session Update

Day 60 (out of 140) - 43%

8,122 bills filed *(+1,993 since last meeting)*

- Bill Filing Deadline = 3/20/2025 (TODAY!)

House and Senate Committees completed “organization phase”

- Hearings on bills to begin in full force next week

# Review Recent Actions

- **SB 504 (Kolkhorst)** – Requires nonprofits to post their operating budget and salaries over $115k if they have a contract with a city, county, or EDC exceeding $500k
  - 2/27 – hearing held
  - 3/13 – voted out of committee
    - Bill removes ISD's and hospital districts & increased salary disclosure to $115k

- **HB 406 (Ordaz)** – Requires a city/county to provide written notice to their local workforce development board when they enter/amend/renew a 380/381 agreement.
  - TEDC testified in support – looking to make the process more "user friendly"

# Preview Upcoming Activities

- **Monday, 3/17**
  - Senate Economic Development Hearing
    - *SB 878 (Birdwell) – Significantly restricts flexibility of chapter 380/381 agreements*
  - House Ways & Means Committee
    - *HB 134 (Meyer) – Changes local sales tax sourcing from origin-based to destination-based.*

- **Wednesday, 3/12**
  - House Trade, Workforce, and Economic Development Committee
    - *HB 1268 (Button) – State grants for SBIR projects [expected]*

# HB 134 (Meyer)

- Hearing
  - Monday, 3/17 – 1:00 pm
  - House Ways & Means Committee

*Changes local sales tax sourcing from origin-based to destination-based.*

*TEDC - Neutral*

# SB 878 (Birdwell)

- Hearing
  - **Monday, 3/17 – 1:30 pm**
  - Senate Economic Development Committee
- SB 878:
  - Prohibits a 380/381 agreement from being used for property tax abatements.
  - Requires a municipality/county to hold a hearing before entering into a Chapter 380/381 agreement.
  - Requires a chapter 380/381 agreement to include an "appropriate performance metrics".
  - Limits a chapter 380/381 agreement to an initial 10 year period. Agreements may only be renewed 3 times and each renewal may not exceed 5 years.

*TEDC – Opposed (letter sent earlier this week)*

March 17th, 2025

Senator Birdwell and Members of the Senate Committee on Economic Development,

As members of the Texas business & economic development community, we write to express our concern about Senate Bill 878 and its potential detrimental effects on economic growth in Texas.

Texas's strong history of economic development policy has helped position it as a global economic powerhouse. Chapters 380 and 381 of the Local Government Code provide tools for local governments to attract businesses and promote economic growth. These flexible programs allow local communities to customize incentives to fit their needs.

However, Senate Bill 878 threatens this successful framework by restricting the flexibility of these agreements. This is problematic for several reasons:

- **Limited length of agreement**: SB 878 prohibits a 380/381 agreement from lasting more than 10 years. While this legislation permits three consecutive 5-year renewals, each renewal is not guaranteed and requires approval from the local government. Given the fluidity of our political environment, elected officials are likely to change over 10 years, and a company will assume more risk in the "25-year" length agreement proposed in SB 878.

- **Uncompetitive Incentives**—The "25 year" agreement proposed by SB 878 would make Texas less competitive with economic development offers from other states and nations. Public reporting on the Micron and Intel site selection process revealed that Texas competed for both projects. The winning locations offered:
    - Micron – New York offered a 49-year property tax abatement.
    - Intel – Ohio offered a 30-year tax credit agreement.

# EDC & Chamber Coalition Letter

# Please send your logo to join!

TEXAS ECONOMIC DEVELOPMENT COUNCIL

# JETI Proposed Changes

- HB 105 (Guillen)
  - Creates "priority project" which would be a project with over $750 million investment
  - "Priority Project" and dispatchable generation projects would be exempt from the "compelling factor" test and jobs requirements .
- HB 4022 (Lujan)
  - Amends disclosure of application
  - Exempts dispatchable electric generation projects from "compelling factor"
  - Makes elevated wage requirements applicable to "jobs required" not all jobs at project
- HB 4149 (Button) / SB 2322 (King)
  - Exempts dispatchable electric generation projects from "compelling factor"

TEXAS ECONOMIC DEVELOPMENT COUNCIL

# Questions/Comments/Suggestions

**Next Meeting: Friday, March 21st**