



ROUND ROCK CHAMBER

2017 LEGISLATIVE AGENDA

Round Rock's economy continues to thrive. A pro-business climate combined with sound long-term decision making has produced results that, in many cases, have outpaced the regional and national averages. In order to maintain this strong environment, Round Rock needs continued support from all levels of government for sound policies. Although any number of legislative issues could impact families and businesses in Round Rock, the Round Rock Chamber has identified five legislative priorities that are critical to our continued success:

- Oppose legislation that seeks to lower the current eight percent revenue cap (rollback rate)
- Support a revenue-neutral repeal of the franchise tax
- Continue support for the Texas Enterprise Fund, the Texas Enterprise Zone Fund, and the tax incentives available under the Texas Economic Development Act
- Support creation of the Recruit Texas program
- Support policies committed to increasing Texas's economic competitiveness by maintaining current non-discriminatory employment practices

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Oppose legislation that seeks to lower the current eight percent revenue (rollback rate)

A taxing entity's ability to provide increased services, especially in growing communities, without having to experience a potentially costly special election is the proper outcome of the state's maximum eight percent rollback tax rate. The adoption process, which includes multiple opportunities for public input, ensures that the taxing entities considering a rollback percentage are exercising caution and taking into account long-term implications.

A major concern of the chamber is the impact that lowering the percentage rate would have on communities who have diligently maintained a low property tax rate. Round Rock, for instance, dedicates a portion of its sales taxes to the reduction of the city property tax rate. Due to their fiscal cognizance, Round Rock's leaders' ability to meet the needs of its increasing population (without resorting to the costs of a special election) will be significantly hampered.

Support a revenue-neutral repeal of the franchise tax

There is much consensus that the Texas franchise tax is an onerous and excessive business tax that drastically hampers the state's competitiveness. Even businesses that have earned revenue below the minimum required are obliged to file a report, which for many small business owners means allocating expenses for an accountant or other tax advisor.

While a franchise tax repeal would be beneficial for the Texas business community, the tax is a significant portion of the state's revenues - \$3.9 billion in Fiscal Year 2016¹. A loss of this significance in the state budget would be considerably harmful. Plus, the chamber is concerned that attempts to remove these dollars from the state coffers would cause a reactionary effect that could result in equally damaging business taxes. As such, the chamber is supportive of a revenue-neutral repeal of the franchise tax.

Continue support for the Texas Enterprise Fund, the Texas Enterprise Zone Fund, and the tax incentives available under the Texas Economic Development Act

The use of incentives in economic development projects is a much-debated issue that, in this day-and-age, is a necessary part of the business attraction process. In this state, two of the more important incentives are the Texas Enterprise Fund (TEF) and the Texas Emerging Technology Fund (TETF). These two funds provide local and regional economic development organizations, including the chamber, the ability to compete with other states when recruiting long-term, job-creating companies.

Over the years, the chamber has judiciously leveraged the TEF as a prospect incentive; only offering it to companies that properly align with the fund's intent. This fact doesn't lessen the impact that the TEF has as a key economic development tool. Likewise, the TETF plays a critical role as Round Rock works to become a center of innovation and entrepreneurship due to the chamber's targeted industry sectors, which include biotechnology and computer systems development. As such, the chamber supports maintaining the qualifications and funding levels of the TEF and TETF.

The Round Rock Chamber supports maintaining the Texas Enterprise Fund, the Texas Enterprise Zone Fund, and the tax incentives available under the Texas Economic Development Act.

Support creation of Recruit Texas program

Recruit Texas must be codified as it is an integral part the state's comprehensive economic development strategy. The program provides "intensive and rapid response to and support services for employers expanding or relocating" their operations in our state (House Bill 108²). The program, implemented by the Texas Workforce Commission, may also provide grants to public community colleges and technical institutes so that they may develop customized and even accelerated training programs and equipment to match the needs of the incoming businesses.

As Texas continues to thrive, with unprecedented low unemployment rates over the past several years, it is critical that it works to develop a stable and skilled talent pool. With Recruit Texas, the state's economic development efforts will continue to prosper.

Support policies committed to increasing Texas's economic competitiveness by maintaining current non-discriminatory employment practices

According to a recent study commissioned by the Texas Association of Business, discriminatory legislation will threaten the state's economy and will negatively impact the state's ability to recruit talent (2016)³. In a March 1, 2017 open letter to members of the Eighty-fifth Texas Legislature, members of the Texas business community, including the Round Rock Chamber, urged policymakers to oppose this legislation because of the detrimental effect it will have on sectors such as the travel and tourism industry⁴. The bottom line is that discriminatory employment practices of this type will stifle the state's successful economic development efforts and lessen Round Rock's ability to attract national events through its "Sport Capital of the World" brand.

Conclusion

There are many public policy issues that impact communities across the great state of Texas, as seen in the chamber's *Agenda for Economic Vitality*⁵. This legislative session however, the Round Rock Chamber asks elected officials to focus their efforts on the five priorities outlined in this brief as the outcomes of such measures will have a direct impact on the ability of communities across Texas to continue successful and deliberate economic development efforts.

Sources

¹Source: Texas Comptroller of Public Accounts, "Texas Comptroller Glenn Hegar Announces Fiscal 2016 Revenues," <https://comptroller.texas.gov/about/media-center/news/2016/160907-revenues.php>

²Source: Texas Legislature Online, Eighty-fifth Texas Legislature, House Bill 108, <http://www.capitol.state.tx.us/BillLookup/history.aspx?LegSess=85R&Bill=HB108>.

³Source: Texas Association of Business, "The Economic Impact of Discriminatory Legislation on the State of Texas," <http://www.keeptxopen.org/wp-content/uploads/2016/12/KTOB-Economic-Study.pdf>.

⁴Source: Keep Texas Open for Business, "Nearly 70 Businesses, Chambers Call on the Texas Legislature to Reject Senate Bill 6, Discriminatory Legislation," <http://www.keeptxopen.org/nearly-70-businesses-chambers-call-on-texas-legislature-to-reject-senate-bill-6-discriminatory-legislation/>.

⁵Source: Round Rock Chamber, "Agenda for Economic Vitality," <http://roundrockchamber.org/wp-content/uploads/2017/01/Agenda-for-Economic-Vitality-For-Print.pdf>.