

By: Martinez Fischer

H.B. No. 4940

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to limitations on the use of public money under certain  
3 economic development agreements or programs adopted by certain  
4 political subdivisions.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 380.002(c), Local Government Code, is  
7 amended to read as follows:

8 (c) The funds granted by the municipality under this section  
9 shall be derived from any source lawfully available to the  
10 municipality under its charter or other law, other than from the  
11 proceeds of:

- 12 (1) ad valorem taxes; or  
13 (2) bonds or other obligations of the municipality  
14 payable from ad valorem taxes.

15 SECTION 2. Chapter 380, Local Government Code, is amended  
16 by adding Sections 380.005 and 380.006 to read as follows:

17 Sec. 380.005. LIMITATIONS ON LOANS AND GRANTS OF PUBLIC  
18 MONEY. (a) A municipality may not make a loan or grant of public  
19 money under this chapter from the proceeds of ad valorem taxes or  
20 bonds or other obligations of the municipality payable from ad  
21 valorem taxes. The municipality may use any other source lawfully  
22 available to the municipality under its charter or other law,  
23 including proceeds from sales taxes and fees, to make the loan or  
24 grant.

1        (b) A municipality may not make a loan or grant under this  
2 chapter for a period exceeding 10 years.

3        Sec. 380.006. PUBLIC MEETING AND NOTICE REQUIREMENTS. (a)  
4 Before a municipality may make a loan or grant under this chapter,  
5 the governing body of the municipality must hold a public hearing  
6 regarding the proposed loan or grant at which members of the public  
7 are given the opportunity to be heard.

8        (b) A municipality that maintains an Internet website shall  
9 post the current version of the proposed loan or grant under this  
10 chapter on the website.

11       (c) In addition to any other requirement of law, the public  
12 notice of a meeting at which the governing body of a municipality  
13 will consider the adoption of a proposed loan or grant under this  
14 chapter must contain:

15                (1) the name of the recipient of the loan or grant;  
16                (2) a general description of the public purpose for  
17 which the loan or grant is provided; and

18                (3) the amount of and period of time for the loan or  
19 grant.

20        (d) Except as otherwise provided by this section, a  
21 municipality must give the notice of a meeting required by this  
22 section in the manner provided by Chapter 551, Government Code.

23        (e) A municipality must give notice of a meeting required by  
24 this section not less than 15 business days but not more than 30  
25 business days before the meeting.

26        (f) If a municipality postpones a meeting required by this  
27 section to a later date, the municipality must hold the postponed

1 meeting not more than 10 business days after the date for which the  
2 meeting was originally scheduled. If the postponement would result  
3 in the meeting being held more than 30 business days after the date  
4 the municipality gave notice of the meeting, the municipality must  
5 give a new notice of the meeting as provided by Subsection (e).

6 SECTION 3. Chapter 381, Local Government Code, is amended  
7 by adding Sections 381.006 and 381.007 to read as follows:

8 Sec. 381.006. LIMITATIONS ON USE OF COUNTY MONEY. (a) A  
9 county, county industrial commission, or development board, as  
10 applicable, may not use county money for a purpose authorized by  
11 this chapter from the proceeds of ad valorem taxes or bonds or other  
12 obligations of the county payable from ad valorem taxes. The county  
13 may use any other source lawfully available to the county under  
14 other law, including proceeds from sales taxes and fees, for a  
15 purpose authorized by this chapter.

16 (b) A county may not make a loan or grant under this chapter  
17 for a period exceeding 10 years.

18 Sec. 381.007. PUBLIC MEETING AND NOTICE REQUIREMENTS. (a)  
19 Before a county may use county money for a purpose authorized by  
20 this chapter, the commissioners court of the county must hold a  
21 public hearing regarding the proposed use at which members of the  
22 public are given the opportunity to be heard.

23 (b) A county that maintains an Internet website shall post  
24 the current version of the proposed use of county money under this  
25 chapter on the website.

26 (c) In addition to any other requirement of law, the public  
27 notice of a meeting at which the commissioners court of a county

1 will consider the adoption of a proposed use of county money under  
2 this chapter must contain:

3 (1) the name of the recipient of the county money;

4 (2) a general description of the public purpose for  
5 which the county money is provided; and

6 (3) if applicable, the amount of and period of time  
7 for a loan or grant of county money.

8 (d) Except as otherwise provided by this section, a county  
9 must give the notice of a meeting required by this section in the  
10 manner provided by Chapter 551, Government Code.

11 (e) A county must give notice of a meeting required by this  
12 section not less than 15 business days but not more than 30 business  
13 days before the meeting.

14 (f) If a county postpones a meeting required by this section  
15 to a later date, the county must hold the postponed meeting not more  
16 than 10 business days after the date for which the meeting was  
17 originally scheduled. If the postponement would result in the  
18 meeting being held more than 30 business days after the date the  
19 county gave notice of the meeting, the county must give a new notice  
20 of the meeting as provided by Subsection (e).

21 SECTION 4. Subchapter A, Chapter 312, Tax Code, is amended  
22 by adding Section 312.008 to read as follows:

23 Sec. 312.008. LIMITATION ON TAX ABATEMENT AGREEMENTS. In a  
24 tax abatement agreement entered into under this chapter, a taxing  
25 unit:

26 (1) may only provide an abatement of the taxing unit's  
27 ad valorem taxes; and

1           (2) may not provide a loan or grant of public money  
2 from any other source.

3           SECTION 5. Section 312.207, Tax Code, is amended by  
4 amending Subsection (d) and adding Subsections (e) and (f) to read  
5 as follows:

6           (d) The notice of a meeting required by this section must be  
7 given in the manner required by Chapter 551, Government Code,  
8 except as otherwise provided by this section [~~that the notice must~~  
9 ~~be provided at least 30 days before the scheduled time of the~~  
10 ~~meeting~~].

11           (e) A municipality or other taxing unit must give notice of  
12 a meeting required by this section not less than 15 business days  
13 but not more than 30 business days before the meeting.

14           (f) If a municipality or other taxing unit postpones a  
15 meeting required by this section to a later date, the municipality  
16 or other taxing unit must hold the postponed meeting not more than  
17 10 business days after the date for which the meeting was originally  
18 scheduled. If the postponement would result in the meeting being  
19 held more than 30 business days after the date the municipality or  
20 other taxing unit gave notice of the meeting, the municipality or  
21 other taxing unit must give a new notice of the meeting as provided  
22 by Subsection (e).

23           SECTION 6. Sections 381.002(a) and 381.004(g), Local  
24 Government Code, are repealed.

25           SECTION 7. The changes in law made by this Act apply only to  
26 an agreement entered into on or after the effective date of this  
27 Act. An agreement entered into before the effective date of this Act

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1 is governed by the law applicable to the contract on the date the  
2 contract was entered into, and that law is continued in effect for  
3 that purpose.

4 SECTION 8. This Act takes effect September 1, 2023.