

BILL ANALYSIS

C.S.H.B. 3075
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Local Government Ways and Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

C.S.H.B 3075 allows city development corporations and certain local taxing units to enter into agreements for the purpose of undertaking projects and for the share of subsequent tax revenues where the project would not be located within the boundaries of the development corporation's city.

This bill provides the means of tax revenue sharing from projects created between taxing units, such as the city and county where a project is located, and the city and county where the Section 4A corporation will be located. It also gives an opportunity to cities in close proximity to join together in providing incentives to attract large businesses to the area.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

This bill amends Section 4A, Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes), by adding language that would define "base taxable value," "corresponding taxing unit," and "taxing unit." Additionally, it states that a corporation must designate a defined area, including the territory, where a project is to be located, and that a taxing unit may enter into an agreement with that corporation. The agreement may provide that the taxing unit is entitled to receive from the corporation an amount equal to a specified percentage of the tax revenue from taxes imposed by the corresponding taxing unit that taxes property located in the defined area that exceed the base taxable value. Furthermore, this section would neither affect a taxing unit's right to grant a tax abatement or limit the right or ability of a corporation to invest in a project and recover its total investment by contract under Section 23(a) of the Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes).

Section 23(a) of the Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes) would be amended to grant corporations rights, powers, privileges, authority, and functions given by the general laws of this state to a nonprofit corporation, incorporated under the Texas Non-Profit Corporation Act, but to the extent that the provisions of the general law are in conflict or inconsistent with that Act, the Act prevails.

EFFECTIVE DATE

This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 3075 changes the original bill by replacing Section (v) with clearer language that ensures that this

Act does not affect a taxing unit's ability or right to grant a tax abatement and that it does not affect a corporation's right to recover its full investment under the contract.