

AN ACT

relating to local agreements to allow certain development corporations and taxing units to invest in and receive tax revenues from certain regional economic development projects.

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

SECTION 1. Section 4A, Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes), is amended by adding Subsection (u) to read as follows:

(u)(1) In this subsection:

(A) "Base taxable value" means the taxable value of property located in the defined area of a project as of January 1 of the year in which the agreement is entered into under this subsection.

(B) "Corresponding taxing unit" means another taxing unit of the same type of political subdivision as a taxing unit that enters into an agreement under this subsection.

(C) "Taxing unit" has the meaning assigned by Section 1.04, Tax Code.

(2) Before entering into an agreement under this subsection, the corporation undertaking the project must designate a defined area that includes the territory where the project is to be located.

(3) A taxing unit may enter into an agreement with a corporation created under this section to invest in a project that

1 is undertaken by the corporation and that is not located in the
2 territory of the taxing unit. A corporation may enter into an
3 agreement under this subsection with more than one taxing unit.

4 (4) An agreement entered into under this subsection
5 shall state the base taxable value of the property in the defined
6 area of the project.

7 (5) The agreement may provide that the taxing unit is
8 entitled to receive from the corporation, in exchange for the
9 investment, an amount equal to a specified percentage of the tax
10 revenue from taxes imposed by the corresponding taxing unit that
11 taxes property located in the defined area of the project on the
12 taxable value of the property in the defined area that exceeds the
13 base taxable value, for so long as the corresponding taxing unit
14 imposes taxes on that property.

15 (6) If a corporation enters into an agreement under
16 this subsection, the corporation shall enter into an agreement with
17 a corresponding taxing unit that taxes property located in the
18 defined area of the project to recover the amount paid by the
19 corporation to a taxing unit as provided by Subdivision (5).

20 (7) This subsection does not affect a taxing unit's
21 authority to grant a tax abatement.

22 (8) This subsection does not affect a corporation's
23 authority to invest in a project or recover its total investment by
24 contract under Section 23(a) of this Act.

25 SECTION 2. Section 23(a), Development Corporation Act of
26 1979 (Article 5190.6, Vernon's Texas Civil Statutes), is amended to
27 read as follows:

1 (a) The corporation shall have and exercise all of the
2 rights, powers, privileges, authority, and functions given by the
3 general laws of this state to nonprofit corporations incorporated
4 under the Texas Non-Profit Corporation Act, as amended (Article
5 1396-1.01 et seq., Vernon's Texas Civil Statutes); but to the
6 extent that the provisions of the general laws are in conflict or
7 inconsistent with this Act, this Act prevails. In addition, the
8 corporation shall have the following powers with respect to
9 projects together with all powers incidental thereto or necessary
10 for the performance of those hereinafter stated:

11 (1) to acquire, whether by construction, devise,
12 purchase, gift, lease, or otherwise or any one or more of such
13 methods and to construct, improve, maintain, equip, and furnish one
14 or more projects undertaken by a different corporation or located
15 within the state or within the coastal waters of the state and
16 within or partially within the limits of the unit under whose
17 auspices the corporation was created or within the limits of a
18 different unit, where the governing body of the different
19 corporation or the unit [~~thereof~~] requests the corporation to
20 exercise its powers therein;

21 (2) to recover the costs of an investment under
22 Subdivision (1) of this subsection from a unit or another
23 corporation under a contract that may have an unlimited duration;

24 (3) to lease to a user all or any part of any project
25 for such rentals and upon such terms and conditions as its board of
26 directors may deem advisable and not in conflict with the
27 provisions of this Act;

1 (4) [~~(3)~~] to sell by installment payments or otherwise
2 and convey all or any part of any project to a user for such purchase
3 price and upon such terms and conditions as its board of directors
4 may deem advisable and not in conflict with the provisions of this
5 Act;

6 (5) [~~(4)~~] to donate, exchange, convey, sell, or lease
7 land, improvements, or any other interest in real property or
8 furnishings, fixtures or equipment, or personal property to an
9 institution of higher education for a legal purpose of the
10 institution upon such terms and conditions as the corporation's
11 board of directors may deem advisable that are not in conflict with
12 the provisions of this Act;

13 (6) [~~(5)~~] to make secured or unsecured loans to a user
14 for the purpose of providing temporary or permanent financing or
15 refinancing of all or part of the cost of any project, including the
16 refunding of any outstanding obligations, mortgages, or advances
17 issued, made, or given by any person for the cost of a project; and
18 to charge and collect interest on such loans for such loan payments
19 and upon such terms and conditions as its board of directors may
20 deem advisable and not in conflict with the provisions of this Act;

21 (7) [~~(6)~~] to issue bonds for the purpose of defraying
22 all or part of the cost of any project, whether or not the bonds are
23 exempt in whole or part from federal income taxation, to secure the
24 payment of such bonds as provided in this Act, and to sell bonds at a
25 price or prices determined by the board of directors or to exchange
26 bonds for property, labor, services, material, or equipment
27 comprising a project or incidental to the acquisition of a project,

1 and those bonds may bear interest at any rate or rates determined by
2 the board of directors, subject to the limitations set forth in this
3 Act;

4 (8) [~~(7)~~] as security for the payment of the principal
5 of and interest on any bonds issued and any agreements made in
6 connection therewith, to mortgage and pledge any or all of its
7 projects or any part or parts thereof, whether then owned or
8 thereafter acquired, and to assign any mortgage and repledge any
9 security conveyed to the corporation to secure any loan made by the
10 corporation and to pledge the revenues and receipts therefrom;

11 (9) [~~(8)~~] to sue and be sued, complain and defend, in
12 its corporate name;

13 (10) [~~(9)~~] to have a corporate seal and to use the same
14 by causing it or a facsimile thereof to be impressed on, affixed to,
15 or in any manner reproduced upon instruments of any nature required
16 to be executed by its proper officers;

17 (11) [~~(10)~~] to make and alter bylaws not inconsistent
18 with its articles of incorporation or with the laws of this state
19 with the approval of the unit under whose auspices the corporation
20 was created by resolution of the governing body for the
21 administration and regulation of the affairs of the corporation;

22 (12) [~~(11)~~] to cease its corporate activities and
23 terminate its existence by voluntary dissolution as provided
24 herein; and

25 (13) [~~(12)~~] whether included in the foregoing or not,
26 to have and exercise all powers necessary or appropriate to effect
27 any or all of the purposes for which the corporation is organized

1 which powers shall be subject at all times to the control of the
2 governing body of the unit under whose auspices the corporation was
3 created.

4 SECTION 3. This Act takes effect immediately if it receives
5 a vote of two-thirds of all the members elected to each house, as
6 provided by Section 39, Article III, Texas Constitution. If this
7 Act does not receive the vote necessary for immediate effect, this
8 Act takes effect September 1, 2003.

President of the Senate

Speaker of the House

I certify that H.B. No. 3075 was passed by the House on May 5, 2003, by the following vote: Yeas 143, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 3075 was passed by the Senate on May 27, 2003, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor