

1-1 By: West (Senate Sponsor - Bivins) H.B. No. 3075
1-2 (In the Senate - Received from the House May 6, 2003;
1-3 May 8, 2003, read first time and referred to Committee on
1-4 Intergovernmental Relations; May 16, 2003, reported favorably by
1-5 the following vote: Yeas 4, Nays 0; May 16, 2003, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to local agreements to allow certain development
1-9 corporations and taxing units to invest in and receive tax revenues
1-10 from certain regional economic development projects.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 4A, Development Corporation Act of 1979
1-13 (Article 5190.6, Vernon's Texas Civil Statutes), is amended by
1-14 adding Subsection (u) to read as follows:

1-15 (u)(1) In this subsection:

1-16 (A) "Base taxable value" means the taxable value
1-17 of property located in the defined area of a project as of January 1
1-18 of the year in which the agreement is entered into under this
1-19 subsection.

1-20 (B) "Corresponding taxing unit" means another
1-21 taxing unit of the same type of political subdivision as a taxing
1-22 unit that enters into an agreement under this subsection.

1-23 (C) "Taxing unit" has the meaning assigned by
1-24 Section 1.04, Tax Code.

1-25 (2) Before entering into an agreement under this
1-26 subsection, the corporation undertaking the project must designate
1-27 a defined area that includes the territory where the project is to
1-28 be located.

1-29 (3) A taxing unit may enter into an agreement with a
1-30 corporation created under this section to invest in a project that
1-31 is undertaken by the corporation and that is not located in the
1-32 territory of the taxing unit. A corporation may enter into an
1-33 agreement under this subsection with more than one taxing unit.

1-34 (4) An agreement entered into under this subsection
1-35 shall state the base taxable value of the property in the defined
1-36 area of the project.

1-37 (5) The agreement may provide that the taxing unit is
1-38 entitled to receive from the corporation, in exchange for the
1-39 investment, an amount equal to a specified percentage of the tax
1-40 revenue from taxes imposed by the corresponding taxing unit that
1-41 taxes property located in the defined area of the project on the
1-42 taxable value of the property in the defined area that exceeds the
1-43 base taxable value, for so long as the corresponding taxing unit
1-44 imposes taxes on that property.

1-45 (6) If a corporation enters into an agreement under
1-46 this subsection, the corporation shall enter into an agreement with
1-47 a corresponding taxing unit that taxes property located in the
1-48 defined area of the project to recover the amount paid by the
1-49 corporation to a taxing unit as provided by Subdivision (5).

1-50 (7) This subsection does not affect a taxing unit's
1-51 authority to grant a tax abatement.

1-52 (8) This subsection does not affect a corporation's
1-53 authority to invest in a project or recover its total investment by
1-54 contract under Section 23(a) of this Act.

1-55 SECTION 2. Section 23(a), Development Corporation Act of
1-56 1979 (Article 5190.6, Vernon's Texas Civil Statutes), is amended to
1-57 read as follows:

1-58 (a) The corporation shall have and exercise all of the
1-59 rights, powers, privileges, authority, and functions given by the
1-60 general laws of this state to nonprofit corporations incorporated
1-61 under the Texas Non-Profit Corporation Act, as amended (Article
1-62 1396-1.01 et seq., Vernon's Texas Civil Statutes); but to the
1-63 extent that the provisions of the general laws are in conflict or
1-64 inconsistent with this Act, this Act prevails. In addition, the

2-1 corporation shall have the following powers with respect to
 2-2 projects together with all powers incidental thereto or necessary
 2-3 for the performance of those hereinafter stated:

2-4 (1) to acquire, whether by construction, devise,
 2-5 purchase, gift, lease, or otherwise or any one or more of such
 2-6 methods and to construct, improve, maintain, equip, and furnish one
 2-7 or more projects undertaken by a different corporation or located
 2-8 within the state or within the coastal waters of the state and
 2-9 within or partially within the limits of the unit under whose
 2-10 auspices the corporation was created or within the limits of a
 2-11 different unit, where the governing body of the different
 2-12 corporation or the unit [~~thereof~~] requests the corporation to
 2-13 exercise its powers therein;

2-14 (2) to recover the costs of an investment under
 2-15 Subdivision (1) of this subsection from a unit or another
 2-16 corporation under a contract that may have an unlimited duration;

2-17 (3) to lease to a user all or any part of any project
 2-18 for such rentals and upon such terms and conditions as its board of
 2-19 directors may deem advisable and not in conflict with the
 2-20 provisions of this Act;

2-21 (4) [~~(3)~~] to sell by installment payments or otherwise
 2-22 and convey all or any part of any project to a user for such purchase
 2-23 price and upon such terms and conditions as its board of directors
 2-24 may deem advisable and not in conflict with the provisions of this
 2-25 Act;

2-26 (5) [~~(4)~~] to donate, exchange, convey, sell, or lease
 2-27 land, improvements, or any other interest in real property or
 2-28 furnishings, fixtures or equipment, or personal property to an
 2-29 institution of higher education for a legal purpose of the
 2-30 institution upon such terms and conditions as the corporation's
 2-31 board of directors may deem advisable that are not in conflict with
 2-32 the provisions of this Act;

2-33 (6) [~~(5)~~] to make secured or unsecured loans to a user
 2-34 for the purpose of providing temporary or permanent financing or
 2-35 refinancing of all or part of the cost of any project, including the
 2-36 refunding of any outstanding obligations, mortgages, or advances
 2-37 issued, made, or given by any person for the cost of a project; and
 2-38 to charge and collect interest on such loans for such loan payments
 2-39 and upon such terms and conditions as its board of directors may
 2-40 deem advisable and not in conflict with the provisions of this Act;

2-41 (7) [~~(6)~~] to issue bonds for the purpose of defraying
 2-42 all or part of the cost of any project, whether or not the bonds are
 2-43 exempt in whole or part from federal income taxation, to secure the
 2-44 payment of such bonds as provided in this Act, and to sell bonds at a
 2-45 price or prices determined by the board of directors or to exchange
 2-46 bonds for property, labor, services, material, or equipment
 2-47 comprising a project or incidental to the acquisition of a project,
 2-48 and those bonds may bear interest at any rate or rates determined by
 2-49 the board of directors, subject to the limitations set forth in this
 2-50 Act;

2-51 (8) [~~(7)~~] as security for the payment of the principal
 2-52 of and interest on any bonds issued and any agreements made in
 2-53 connection therewith, to mortgage and pledge any or all of its
 2-54 projects or any part or parts thereof, whether then owned or
 2-55 thereafter acquired, and to assign any mortgage and repledge any
 2-56 security conveyed to the corporation to secure any loan made by the
 2-57 corporation and to pledge the revenues and receipts therefrom;

2-58 (9) [~~(8)~~] to sue and be sued, complain and defend, in
 2-59 its corporate name;

2-60 (10) [~~(9)~~] to have a corporate seal and to use the same
 2-61 by causing it or a facsimile thereof to be impressed on, affixed to,
 2-62 or in any manner reproduced upon instruments of any nature required
 2-63 to be executed by its proper officers;

2-64 (11) [~~(10)~~] to make and alter bylaws not inconsistent
 2-65 with its articles of incorporation or with the laws of this state
 2-66 with the approval of the unit under whose auspices the corporation
 2-67 was created by resolution of the governing body for the
 2-68 administration and regulation of the affairs of the corporation;

2-69 (12) [~~(11)~~] to cease its corporate activities and

3-1 terminate its existence by voluntary dissolution as provided
3-2 herein; and

3-3 (13) [~~(12)~~] whether included in the foregoing or not,
3-4 to have and exercise all powers necessary or appropriate to effect
3-5 any or all of the purposes for which the corporation is organized
3-6 which powers shall be subject at all times to the control of the
3-7 governing body of the unit under whose auspices the corporation was
3-8 created.

3-9 SECTION 3. This Act takes effect immediately if it receives
3-10 a vote of two-thirds of all the members elected to each house, as
3-11 provided by Section 39, Article III, Texas Constitution. If this
3-12 Act does not receive the vote necessary for immediate effect, this
3-13 Act takes effect September 1, 2003.

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