

BILL ANALYSIS

C.S.H.B. 2728
By: Flores
Environmental Regulation
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Development Corporation Act of 1979 governs the issuance of industrial revenue bonds by industrial development corporations in Texas. In 2003, amendments to the Act prevented industrial development corporations from issuing bonds for certain infrastructure projects. The Act requires that financed projects must promote or develop new or expanded business enterprises that create or retain "primary jobs," defined to include jobs in certain North American Industrial Classification System categories. This has created a problem in areas of rapid growth, such as the border areas of South Texas. Increasing demand for infrastructure projects is often stifled by the inability of industrial development corporations to finance these projects since the jobs they create do not meet the statutory definition of "primary jobs".

C.S.H.B. 2728 would solve this problem by expanding the definition of "project". This would allow industrial development corporations in areas of increased growth to issue bonds for the projects listed above, without having to meet the restrictive "primary jobs" requirement under the Act.

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

C.S.H.B. 2728 amends the Development Corporation Act of 1979 to add to the definition of "project". The bill adds expenditures by qualifying corporations for infrastructure necessary to promote business enterprises including airports, ports, mass commuting facilities, parking facilities, and other transportation facilities, sewer or solid waste disposal facilities, recycling facilities, air or water pollution control facilities, and facilities located in this state or in the coastal waters of this state for furnishing water to the general public. The bill defines "qualifying corporation" as a corporation created by a unit of local government located in a county that is bordered by the Rio Grande, has population of at least 500,000, and has at least four cities that each have a population of at least 25,000.

EFFECTIVE DATE

If this Act does not receive the necessary vote for immediate effect, then this Act takes effect September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute amends the definition of "qualifying corporation" to further limit it to a corporation created by a unit of local government located in a county that has a population of at least 500,000.