

BILL ANALYSIS

H.B. 3036
By: Deshotel
Economic Development
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Section 4A(c) of the Development Corporation Act of 1979 currently stipulates that the board of directors of a corporation created under this section must consist of three directors who are appointed by the governing body of a city and who serve at the pleasure of that governing body. The difficulty with a static number of directors is that it does not provide any flexibility to a governing body regardless of the size of the city. Because of this lack of elasticity, city council members have difficulty agreeing on director appointments. HB 3036 proposes to reduce the number of Section 4A directors required from five to at least three. This bill would also authorize a governing body of the city to set the length of term for each 4A director at not more than six years along with the ability to remove a director at any time without cause.

RULEMAKING AUTHORITY

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

ANALYSIS

SECTION 1. Amends Section 4A(c), Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes), as follows: (c) Provides that the board of directors of a development corporation is made up of at least three directors who serve at the pleasure of the city's governing body and may be removed at any time without cause. The governing body of the city shall determine the number of directors and the length of time they serve, not to exceed six years.

SECTION 2. Requires the governing body of a city that created a corporation governed by Section 4A, Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes) to take the necessary action, not later than January 1, 2006, to conform the number and length of terms of the board of directors of that corporation to the requirements of this Section, as amended by this Act.

SECTION 3. Provides the effective date of this Act.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September, 1, 2005.