

BILL ANALYSIS

S.B. 1304
By: Seliger
Economic Development
Committee Report (Unamended)

BACKGROUND AND PURPOSE

H.B. 2912, 78th Legislature, Regular Session, 2003, established new limitations on allowable uses for economic development money that have proven unfairly restrictive for certain rural communities in Texas. Since the inception of the Development Corporation Act of 1979, economic development corporations could use their economic development money "to promote new and expanded business development." This language was struck from the Act and new language was added to limit the use of funds to improvements that are for "the creation or retention of primary jobs" in specific industries. Unfortunately, that change prevents small, rural communities from using their economic development funds in a manner that they believe best serves their community.

S.B. 1304 simply retains the original intent of the Development Corporation Act for any county with a population of less than 20,000, allowing the board of directors to decide what is best for their small, rural areas.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

ANALYSIS

SECTION 1. Amends Section 2(11), Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.), to redefine "project."

SECTION 2. Amends Section 4B(a), Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.), by adding Subdivision (3), to define "project" for a corporation created by an eligible city with a population of 20,000 or less.

SECTION 3. Amends Section 40(a), Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.), to prohibit a corporation created under this Act from providing a direct incentive to or making an expenditure on behalf of a business enterprise under a project as defined by Section 3 of this Act unless the corporation enters into a performance agreement with the business enterprise.

SECTION 4. 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.