

## **BILL ANALYSIS**

Senate Research Center  
80R 21618 E

C.S.H.B. 2308  
By: Rose (Hegar)  
Business & Commerce  
5/18/2007  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Economic development corporations defined under Sections 4A and 4B of the Development Corporation Act of 1979 are similar in nature. Section 4B corporations approve the expenditure of funds for many of the same type of projects that Section 4A corporations approve. However, Section 4B corporations are also allowed to expend funds for project that may be used for sports, recreation, parks, and many other public uses. Currently, corporations are required to hold a public hearing before funds can be expended for any project. Section 4A corporations are not required to hold public hearings for any projects.

C.S.H.B. 2308 requires Section 4B corporations to hold public hearings only for those projects that are unique to their section of the code. This bill also allows voters to elect to limit the period during which or the projects for which the tax is imposed.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 4B, Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.), by adding Subsection (e-2), as follows:

(e-2) Authorizes the eligible city, at an election called and held under Subsection (d) (authorizing the levy of a sales and use tax, by a majority of voters, for the benefit of a corporation) of this section (Corporation in City Located in County with Population of 500,000 or More, or 400,000 or More; Application of Section 4A), to also allow the voters to vote on a ballot proposition that limits the length of time that a sales and use tax may be imposed. Authorizes an eligible city that imposes a tax for a limited time under this subsection to later extend the period of the tax's imposition or reimpose the tax only if the extension or reimposition is authorized by a majority of the qualified voters of the city voting in an election called and held for that purposes in the same manner as an election held under Section 4A(n) of this Act. Authorizes the city, at an election held under Subsection (d) of this section, to also allow the voters to vote on a ballot proposition that limits the use of the sales and use tax to a specific project. Authorizes a corporation that has been created to perform a specific project as provided by this subsection to retain its corporate existence and perform other projects as may be approved by the voters of the city under an election called and held for that purpose in the same manner as Section 4A(r) of this Act provides for an election held under Section 4A(d) of this Act. Requires a corporation, before expending funds to undertake a project, to hold a public hearing as otherwise provided by this section.

SECTION 2. Amends Section 4B(n), Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.), to provide that a corporation the creation of which was authorized by an eligible city with a population of less than 20,000 is not required to hold a public hearing under this subsection if the proposed project is defined by Section 2 (Definitions) of this Act.

SECTION 3. Effective date: upon passage or September 1, 2007.