

BILL ANALYSIS

C.S.H.B. 3956
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Current law related to Type A development corporations entitles an authorizing municipality to sales and use tax revenue that is designated for certain economic development purposes. However, as studies have shown, an educated workforce and educational opportunities are among the top draws for a business when deciding where to locate, bringing with it expanded economic development. Community colleges are particularly adept at offering courses that meet a particular local workforce need. Community colleges play an integral role in local economic development by providing employment on the campuses and acting as a center for student life. Through these campuses, students will secure housing, spend money, and build ties with the community. Promoting enrollment in these campuses brings economic benefits to the local community.

C.S.H.B. 3956 authorizes a Type A development corporation, authorized to be created by a municipality meeting certain specifications, to use revenue from an existing sales and use tax to promote higher education and job training. Specifically, the bill allows a corporation to use such revenue to promote enrollment in local institutions of higher education, particularly community colleges, through financial assistance such as loans or grants for local students or to promote enrollment in a career specialty that currently has a shortage in the area, such as nursing or teaching.

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. 3956 authorizes a Type A development corporation to contract with a nonprofit corporation to administer an education and job training project or to assist the corporation with the administration of the project. The bill authorizes the authorizing municipality to designate not more than one-eighth of the tax revenue that the municipality is entitled to receive from any sales and use tax adopted under provisions relating to Type A corporations for education and job training projects.

C.S.H.B. 3956 makes its provisions applicable to a corporation authorized to be created by a municipality with a population of more than 30,000 and less than 50,000; all of which is located in two counties, only one of which has a population of 500,000 or more; that is located wholly or partly within the service area of two junior college districts; in which is located a teaching facility owned or operated by a junior college district; and that is located within a metropolitan planning area with a population of six million or more.

C.S.H.B. 3956 defines "education and job training project," for purposes of these provisions, to mean expenditures to provide financial assistance, including scholarships and loans, to students who enroll in institutions of higher education located in the authorizing municipality or who are

residents of the municipality and enroll at a public junior college located within the same junior college district service area in which the municipality is located and expenditures to support job training opportunities offered through an institution of higher education located in the authorizing municipality. The bill defines "metropolitan planning area" and "population."

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 3956 differs from the original by clarifying that certain expenditures included within the meaning of "education and job training project" are expenditures to provide financial assistance, including scholarships and loans, rather than expenditures to provide scholarships as in the original. The substitute adds provisions not in the original making the bill's provisions applicable only to a Type A corporation authorized to be created by a municipality that meets certain qualifications and defining the terms "metropolitan planning area" and "population." The substitute makes a technical correction not included in the original.