

## **BILL ANALYSIS**

Senate Research Center  
81R5764 SJM-F

S.B. 1033  
By: Fraser  
Economic Development  
3/22/2009  
As Filed

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

Current law does not authorize the Temple Health and Bioscience Economic Development District (district) to issue bonds or create non-profit corporations.

As proposed, S.B. 1033 sets forth the district's public purpose. This bill provides that property owners in the district benefit from the district and its activities. The bill also provides that the City of Temple is authorized to create a tax increment reinvestment zone or a tax abatement reinvestment zone and to grant money deposited in the tax increment fund to the district to be used by the district for any purpose or give the district the power to manage or implement a reinvestment zone's project or financing plans.

### **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 3831.002, Special District Local Laws Code, by amending Subsection (a) and adding Subsection (e), as follows:

(a) Provides that the creation of the Temple Health and Bioscience Economic Development District (district) is essential to accomplish the purposes of Section 52-a (regarding the legislature having no power to authorize any entity to lend credit or grant public money to certain entities), Article III (Legislative Department), and Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI (General Provisions), Texas Constitution, and to accomplish other public purposes stated in this chapter, including development and diversification of the economy of the state; the elimination of unemployment or underemployment in the state; the stimulation of agricultural innovation; fostering the growth of enterprises based on agriculture; and the development or expansion of transportation or commerce in the state.

(e) Provides that property owners in the district benefit from the district and its activities.

SECTION 2. Amends Subchapter A, Chapter 3831, Special District Local Laws Code, by adding Section 3831.006, as follows:

Sec. 3831.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. (a) Provides that all or part of the area of the district is eligible to be included in a tax increment reinvestment zone created by the City of Temple (city) under Chapter 311 (Tax Increment Financing Act), Tax Code; or a tax abatement reinvestment zone created by the city under Chapter 312 (Property Redevelopment and Tax Abatement Act), Tax Code.

(b) Authorizes the city and the board of directors of the zone (board), if the city creates a tax increment reinvestment zone described by Subsection (a), by contract with the district, to grant money deposited in the tax increment fund to the district to be used by the district for any purpose, including pledging the money as security for any bonds issued by the district for an improvement project;

or give the district the power to manage or implement a reinvestment zone's project or financing plans.

SECTION 3. Amends Section 3831.104, Special District Local Laws Code, as follows:

Sec. 3831.104. PROPERTY. Authorizes the district to exercise any type of property right, including the power to acquire, sell, or lease as lessee or lessor, regarding any type of property interest located inside or outside the boundaries of the district, rather than in the district or for use in the district, under terms determined by the board.

SECTION 4. Amends Section 3831.109, Special District Local Laws Code, as follows:

Sec. 3831.109. FEES FOR USE OF DISTRICT IMPROVEMENTS. Authorizes the district to establish and maintain reasonable and nondiscriminatory rates, fares, charges, rents, or other fees or compensation for the use of the improvements constructed, operated, leased to or by, or maintained by the district.

SECTION 5. Amends Section 3831.111(a), Special District Local Laws Code, to authorize the district to establish projects inside or outside the boundaries of the district for certain purposes.

SECTION 6. Amends Section 3831.114(a), Special District Local Laws Code, as follows:

(a) Authorizes the board by resolution to authorize the creation of a nonprofit corporation, rather than a nonprofit corporation including a scientific corporation, under the Business Organizations Code. Authorizes the nonprofit corporation to be organized to perform biomedical or scientific research or biomedical or scientific education for the benefit of the public. Requires the nonprofit corporation to assist and act for the district in implementing a project or providing a service authorized by this chapter or Chapter 431 (Texas Transportation Corporation Act), Transportation Code.

SECTION 7. Amends Section 3831.160, Special District Local Laws Code, by amending Subsection (a), and adding Subsections (c)-(g), as follows:

(a) Authorizes the district to issue obligations, including revenue bonds, to pay the costs of a project located inside or outside the boundaries of, rather than in, the district. Prohibits the proceeds of bonds or other obligations that are payable wholly or partly from ad valorem taxes from being used for a project located outside the district.

(c) Authorizes revenue bonds or other district obligations to be payable from and secured by revenue derived from the district's operations, including district projects; proceeds of a grant or other funds received by the district; revenue derived from a lease or contract entered into by the district; or assessments collected by the district.

(d) Authorizes revenue bonds or other district obligations to be secured by a mortgage or deed of trust lien on the district's interest in a project or property, including a fee title or a leasehold interest.

(e) Authorizes the district to issue general obligation bonds if general obligation bonds are authorized by an election held under Subchapter F (Election to Allow Taxing or Related Obligation Authority).

(f) Provides that for purposes of this chapter, the district is an issuer under Chapter 1371 (Obligations for Certain Public Improvements), Government Code, and is authorized to issue bonds or obligations under that chapter; and is authorized to issue refunding bonds or obligations under Chapter 1207 (Refunding Bonds), Government Code.

(g) Authorizes the district, except for water, sewer, or drainage projects financed by taxes imposed by the district, to issue bonds or other obligations and pursue projects without an order of the Texas Commission on Environmental Quality under Section 49.181(a) (regarding a district being prohibited from issuing bonds unless the project meets certain guidelines), Water Code.

SECTION 8. Amends Section 3831.201, Special District Local Laws Code, as follows:

Sec. 3831.201. IMPOSITION OF AD VALOREM TAX. Provides that the district by order, if authorized at an election held under Section 3831.255 (Notice and Conduct of Election; Results), to impose an annual ad valorem tax on taxable property in the district to pay for projects or district operating expenses and is required to impose an ad valorem tax to pay for obligations that are payable wholly or partly from ad valorem taxes. Makes conforming changes.

SECTION 9. Effective date: upon passage or September 1, 2009.