

BILL ANALYSIS

H.B. 1263
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Certain cultural and nonprofit organizations that have invested substantial sums in useful and beneficial cultural facilities been unable to finance their activities through the corporations authorized under the Cultural Education Facilities Finance Corporation Act because of restrictive interpretations of the term "cultural facility" as currently defined by the act. H.B. 1263 amends the definition of "cultural facility" to include any facility used by a nonprofit corporation exempt from the state franchise tax, an organization described as a charitable organization under state law, or a charitable organization exempted under the federal Internal Revenue Code of 1986 to engage in any activity in which the entity is permitted to engage. The bill removes a condition that a facility incidental, subordinate, or related to or appropriate in connection with property described as a cultural facility be located within Texas to qualify as a cultural facility.

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

H.B. 1263 amends the Cultural Education Facilities Finance Corporation Act to add a legislative finding that qualified nonprofit corporations in Texas have invested substantial funds in useful and beneficial cultural facilities and have experienced difficulty in undertaking additional projects because of the inadequacy of their own funds or of funds potentially available from local subscription sources and because of limitations of local financial institutions in providing necessary financing for these facilities.

H.B. 1263 redefines "cultural facility," for purposes of the act, as any capital expenditure by a user and includes among the real property and facilities encompassed by the term a facility in which any of the following entities engage in any activity in which the entity is permitted to engage: a nonprofit corporation exempt from the state franchise tax, a qualified charitable organization under property tax exemption provisions of the Tax Code, or a charitable organization exempted under the federal Internal Revenue Code of 1986. The bill removes the condition that facilities incidental, subordinate, or related to or appropriate in connection with either such a facility or with real property be located in Texas.

H.B. 1263 requires a cultural education facilities finance corporation to be created and organized in the same manner as a health facilities development corporation under the Health Facilities Development Act. The bill requires any bonds, notes, or other obligations authorized under the powers granted such a corporation to be issued in accordance with the Public Security Procedures Act. The bill authorizes a corporation, regardless of any other provision in the Health Facilities Development Act and the Higher Education Authority for Public Schools Act, to exercise its powers on behalf of a user outside of Texas if the user also conducts lawful activities in Texas.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.