

BILL ANALYSIS

H.B. 1966
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Urban Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties observe that, under current law, an economic development corporation may expend funds only on certain authorized projects and that such authorized projects do not specifically include the development of infrastructure unless related to a new or expanded business enterprise. These parties contend that counties experiencing high unemployment rates have a difficult time enticing new businesses in their community, which will create new jobs, add valorem tax base and possibly sales tax revenues. The interested parties further assert that allowing qualifying economic development corporations to use sales tax revenue to construct or support the construction of much-needed infrastructure to develop or redevelop areas within a community would attract new businesses into such areas.

H.B. 1966 seeks to provide more flexibility for the use of economic development funds so that communities with historically high unemployment rates can use the funds for critical infrastructure improvements.

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. 1966 amends the Local Government Code to include as an authorized project, for certain corporations under the Development Corporation Act, expenditures found by the board of directors to be required or suitable for infrastructure improvements necessary to develop and revitalize areas in the corporation's authorizing municipality, including streets and roads, rail spurs, water and sewer utilities, electric utilities, gas utilities, drainage, site improvements, and related improvements; telecommunications, data, or Internet improvements; or facilities designed to remediate, mitigate, or control erosion, including coastal erosion along the Gulf of Mexico or the Gulf Intracoastal Waterway. The bill makes its provisions applicable only to a corporation the creation of which was authorized by a municipality that has a population of 10,000 or more, is located in a county bordering the Gulf of Mexico or the Gulf Intracoastal Waterway, and has, or is included in a metropolitan statistical area of this state that has, an unemployment rate that averaged at least two percent above the state average for the most recent two consecutive years for which statistics are available.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.