

BILL ANALYSIS

C.S.H.B. 2181
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Economic & Small Business Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that for the past few decades, young people have been encouraged to attain four-year college degrees while public interest in career and technical degrees for particular professions has waned. It has been reported that as a result, there is a shortage of trained workers for certain well-paid professions. These parties assert that corporations organized under the Development Corporation Act are well-positioned to address this need but lack authority to allocate funding for job development beyond existing facilities, as they are strictly limited by state law as to the types of training facilities and programs they may fund. C.S.H.B. 2181 seeks to provide more accessibility to training for professions and to expand the outlets in which such a corporation is authorized to expend money on training.

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. 2181 amends the Local Government Code to authorize a corporation organized under the Development Corporation Act to enter into an agreement with one or more educational institutions with respect to a project that is financed wholly or partly under that act. The bill, for purposes of the act, specifies that the definition of "project" includes expenditures to support primary job training facilities or programs, including expenditures for training equipment, at a public junior college, public technical institute, or high school located in the authorizing municipality of a corporation and at a public junior college the service area of which includes any portion of the authorizing municipality of a corporation.

C.S.H.B. 2181 prohibits a Type A corporation and a Type B corporation from using proceeds from the sales and use tax or other corporate revenues to undertake the category of those projects described by the bill unless the use of tax proceeds or other corporate revenues for that purpose is authorized as provided by the bill. The bill authorizes the governing body of a Type A corporation's or a Type B corporation's authorizing municipality, as applicable, by resolution to authorize the corporation to undertake and finance such a category. The bill requires the resolution to be passed by majority vote of all members of the municipality's governing body and entered in its minutes.

C.S.H.B. 2181 requires the governing body of a Type A corporation's or a Type B corporation's authorizing municipality, as applicable, on receipt of a petition signed by a number of registered voters of the municipality equal to at least 10 percent of the number of voters participating in the last general election held in the municipality requesting an election to use the sales and use tax proceeds and other corporate revenues for the category of projects described by the bill, to order an election on the issue. The bill sets out procedures relating to the conduct of the election. The bill prohibits another such election from being held before the second anniversary of the date of

the most recent election disapproving the use of tax proceeds and revenues for the category of projects if a majority of the voters do not approve the use of sales and use tax proceeds and other corporate revenues for that category of projects at an election.

EFFECTIVE DATE

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

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2181 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter C, Chapter 501, Local Government Code, is amended.

No equivalent provision.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Same as introduced version.

SECTION 2. Subchapter D, Chapter 504, Local Government Code, is amended by adding Section 504.172 to read as follows:
Sec. 504.172. AUTHORITY TO UNDERTAKE PROJECTS TO SUPPORT PRIMARY JOB TRAINING FACILITIES AND PROGRAMS AT CERTAIN EDUCATIONAL INSTITUTIONS. (a) Notwithstanding any other provision of this subtitle, a Type A corporation may not use proceeds from the sales and use tax or other corporate revenues to undertake the category of projects described by Section 501.1021 unless the use of tax proceeds or other corporate revenues for that purpose is authorized as provided by this section. (b) The governing body of a Type A corporation's authorizing municipality by resolution may authorize the corporation to undertake and finance the category of projects described by Section 501.1021 as provided by Subsection (a). The resolution must be passed by majority vote of all members of the municipality's governing body and entered in its minutes. (c) On receipt of a petition signed by a number of registered voters of the municipality equal to at least 10 percent of the number of voters participating in the last general election held in the municipality requesting an election to use the sales and use tax proceeds and other corporate revenues for the category of projects described by Section 501.1021, the governing body of a Type A corporation's authorizing municipality shall order an

election on the issue.

(d) The governing body of the municipality shall order an election required under Subsection (c) to be held on the first authorized uniform election date prescribed by Chapter 41, Election Code, that occurs after the date the petition is filed and that allows sufficient time to comply with other requirements of law.

(e) The ballot in an election under this section shall be printed to provide for voting for or against the proposition: "Adopting the use of Type A corporation funds for projects supporting primary job training facilities and programs at educational institutions in the City of _____."

(f) If a majority of the voters voting on the issue do not approve the use of sales and use tax proceeds and other corporate revenues for the category of projects described by Section 501.1021 at an election under this section, another election concerning the use of tax proceeds and revenues for the same category of projects may not be held before the second anniversary of the date of the most recent election disapproving the use of tax proceeds and revenues for that category of projects.

No equivalent provision.

SECTION 3. The heading to Subchapter D, Chapter 505, Local Government Code, is amended to read as follows:

SUBCHAPTER D. AUTHORIZATION FOR ADDITIONAL [AUTHORIZED] PROJECTS

No equivalent provision.

SECTION 4. Subchapter D, Chapter 505, Local Government Code, is amended by adding Section 505.162 to read as follows:

Sec. 505.162. AUTHORITY TO UNDERTAKE PROJECTS TO SUPPORT PRIMARY JOB TRAINING FACILITIES AND PROGRAMS AT CERTAIN EDUCATIONAL INSTITUTIONS. (a) Notwithstanding any other provision of this subtitle, a Type B corporation may not use proceeds from the sales and use tax or other corporate revenues to undertake the category of projects described by Section 501.1021 unless the use of tax proceeds or other corporate revenues for that purpose is authorized as provided by this section.

(b) The governing body of a Type B corporation's authorizing municipality by resolution may authorize the corporation to undertake and finance the category of

projects described by Section 501.1021 as provided by Subsection (a). The resolution must be passed by majority vote of all members of the municipality's governing body and entered in its minutes.

(c) On receipt of a petition signed by a number of registered voters of the municipality equal to at least 10 percent of the number of voters participating in the last general election held in the municipality requesting an election to use the sales and use tax proceeds and other corporate revenues for the category of projects described by Section 501.1021, the governing body of a Type B corporation's authorizing municipality shall order an election on the issue.

(d) The governing body of the municipality shall order an election required under Subsection (c) to be held on the first authorized uniform election date prescribed by Chapter 41, Election Code, that occurs after the date the petition is filed and that allows sufficient time to comply with other requirements of law.

(e) The ballot in an election under this section shall be printed to provide for voting for or against the proposition: "Adopting the use of Type B corporation funds for projects supporting primary job training facilities and programs at educational institutions in the City of _____."

(f) If a majority of the voters voting on the issue do not approve the use of sales and use tax proceeds and other corporate revenues for the category of projects described by Section 501.1021 at an election under this section, another election concerning the use of tax proceeds and revenues for the same category of projects may not be held before the second anniversary of the date of the most recent election disapproving the use of tax proceeds and revenues for that category of projects.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

SECTION 5. Same as introduced version.