

By: Estes

S.B. No. 1028

A BILL TO BE ENTITLED

AN ACT

relating to a periodic review of local government programs that award economic development incentives to business entities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 490G.001, Government Code, is amended by adding Subdivision (1-a) and amending Subdivisions (2) and (3) to read as follows:

(1-a) "Local government" means a county, municipality, special district, school district, junior college district, or other political subdivision of the state.

(2) "Monetary incentive" means a grant, loan, or other form of monetary incentive paid from state or local government revenues, including a state trust fund, that a business entity or other person may receive in exchange for or as a result of conducting an activity with an economic development purpose.

(3) "Tax incentive" means any exemption, deduction, credit, exclusion, waiver, rebate, discount, deferral, or other abatement or reduction of state or local government tax liability of a business entity or other person that the person may receive in exchange for or as a result of conducting an activity with an economic development purpose.

SECTION 2. Chapter 490G, Government Code, is amended by adding Section 490G.0055 to read as follows:

Sec. 490G.0055. REVIEW OF LOCAL GOVERNMENT INCENTIVE

1 PROGRAMS; PERFORMANCE MATRIX. (a) The board shall examine the
2 effectiveness, efficiency, and financial impact on this state of
3 programs administered by local governments that award to business
4 entities and other persons monetary or tax incentives for which the
5 local government has discretion in determining whether or not to
6 award the incentives.

7 (b) The board shall develop a performance matrix that
8 clearly establishes the economic performance indicators, measures,
9 and metrics that will guide the board's evaluations of those
10 programs.

11 (c) A local government shall provide to the board on request
12 information concerning a program described by Subsection (a) as
13 necessary to enable the board to perform the board's duties under
14 this chapter.

15 SECTION 3. The heading to Section 490G.006, Government
16 Code, is amended to read as follows:

17 Sec. 490G.006. SCHEDULE OF REVIEW OF STATE INCENTIVE
18 PROGRAM; RECOMMENDATION TO LEGISLATIVE AUDIT COMMITTEE.

19 SECTION 4. Chapter 490G, Government Code, is amended by
20 adding Section 490G.0065 to read as follows:

21 Sec. 490G.0065. SCHEDULE OF REVIEW OF LOCAL GOVERNMENT
22 INCENTIVE PROGRAMS. The board shall develop a schedule for the
23 periodic review of each class or type of local government program
24 described by Section 490G.0055 and identified by the board for the
25 purposes of making recommendations concerning program
26 effectiveness and efficiency to the governing bodies of applicable
27 local governments and reporting the findings and recommendations

1 resulting from the program review to the legislature as required by
2 Section 490G.007. The board shall review and make findings and
3 recommendations regarding each class or type of program as
4 described by this section according to the review schedule.

5 SECTION 5. Section 490G.007, Government Code, is amended to
6 read as follows:

7 Sec. 490G.007. BIENNIAL REPORT. Not later than January 1 of
8 each odd-numbered year, the board shall submit to the lieutenant
9 governor, the speaker of the house of representatives, and each
10 standing committee of the senate and house of representatives with
11 primary jurisdiction over economic development a report containing
12 findings and recommendations resulting from each review of state
13 incentive programs and funds and local government incentive
14 programs conducted by the board under this chapter during the
15 preceding two calendar years.

16 SECTION 6. Section 490G.008(a), Government Code, is amended
17 to read as follows:

18 (a) A member of the board who has a substantial interest in a
19 business entity or other person that previously applied for or
20 received a [~~state~~] monetary or tax incentive from a program or fund
21 subject to review by the board shall disclose that interest in
22 writing to the board.

23 SECTION 7. This Act takes effect September 1, 2017.