

BILL ANALYSIS

Senate Research Center

H.B. 1554
By: Rogers; Lambert (Buckingham)
Local Government
5/14/2021
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Chapter 377 of the Local Government Code provides direction for allowable actions of municipal development districts, which may be created by municipalities to plan, acquire, establish, develop, construct, or renovate one or more development projects beneficial to the district. However, current law unnecessarily restricts municipal development districts from funding certain economic development projects outside a district's boundaries, even if those projects are determined to have a positive return on investment for the district.

To address this issue, H.B. 1554 would create an option for municipal development districts to fund certain projects outside their district if the board of the municipal development district determines that the development project will provide an economic benefit to the district and the governing body of the municipality that created the district by resolution approves the development project.

The bill includes a requirement for funding an economic development project outside the boundaries of a municipal development district. In addition, the bill requires that the project be located in the extraterritorial jurisdiction (ETJ) of the municipality that created the district. Finally, the bill requires the governing body of the municipality where the development project will be located to approve the development project by resolution. This requirement further ensures public involvement, transparency, and approval by local elected officials who voters can hold accountable.

H.B. 1554 amends current law relating to use of project funds of municipal development districts.

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 377.072(c), Local Government Code, as follows:

(c) Authorizes a municipal development district created under Chapter 377 (Municipal Development Districts) (district), except as provided by Subsections (d) and (e) (relating to restrictions on the use of money in the development project fund for districts of certain sizes), to use money in the development project fund only to:

(1) pay the costs of planning, acquiring, establishing, developing, constructing, or renovating one or more development projects located:

(A) creates this paragraph from existing text and makes a nonsubstantive change; or

(B) outside the district, if:

(i) the project is located in the extraterritorial jurisdiction of the municipality that created the district;

(ii) the board of directors of the district determines that the development project will provide an economic benefit to the district; and

(iii) the following entities, as applicable, by resolution approve the development project:

(a) the municipality that created the district; and

(b) each municipality in whose corporate limits or extraterritorial jurisdiction the project is located;

(2) and (3) makes no changes to these subdivisions.

SECTION 2. Effective date: upon passage or September 1, 2021.