

## **BILL ANALYSIS**

S.B. 1942  
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Urban Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

A housing authority is a governmental unit and can only act to promote a public purpose, exercising public and essential governmental functions with the powers necessary to accomplish the purposes. When a housing authority creates a nonprofit corporation, it is with the understanding that the corporation acts as its instrumentality, aligned with its public purpose. A question has arisen as to whether a nonprofit created by a governmental body may act on its own and cease serving as an instrumentality of the governmental body. If unchecked, a nonprofit could convert public assets for private use without complying with the well-established gifting prohibitions found in the Texas Constitution. S.B. 1942 seeks to make clear that a nonprofit established by a housing authority must remain part of the entity regardless of when it was created or whether it was created relying on the Public Facility Corporation Act.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **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**

S.B. 1942 amends the Local Government Code to require a corporation created by a municipality, county, school district, housing authority, or special district under the Public Facility Corporation Act to remain a public facility corporation for purposes of the act. The bill makes a nonprofit corporation created by a housing authority under the Texas Non-Profit Corporation Act subject to the requirements of the Public Facility Corporation Act, regardless of the date the corporation is created.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.