

BILL ANALYSIS

Senate Research Center
88R20070 KBB-D

C.S.S.B. 543
By: Blanco
Natural Resources & Economic Development
4/13/2023
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law prevents municipalities from conveying land as part of a Chapter 380 economic development agreement. Municipalities have expressed that these statutory requirements to convey or sell land are time-consuming, burdensome, and a disincentive to companies seeking to relocate to Texas.

Allowing the conveyance of land as part of an economic development agreement will create more opportunities to bring businesses to the state by including the conveyance as part of the incentive package. This new incentive would assist in driving down the costs of these economic development agreements to both the state and municipalities by allowing the city the option to integrate the conveyance of the property as an economic incentive, which will permit the city to scale back the extension of incremental sales and property taxes incentives. The conveyance of the property will also allow municipalities to start collecting property taxes on the property conveyed.

S.B. 543 would authorize a municipality to transfer real property it owns to an entity as a part of a Chapter 380 agreement. The entity must prove that it will use the property in a manner that primarily promotes a public purpose of the municipality relating to economic development. The bill would require the agreement to include provisions to ensure the municipality is granted sufficient control to ensure the public purpose is accomplished and the municipality receives the return benefit. Additionally, the bill would require the municipality to provide notice of the land transfer in a local newspaper. Lastly, the bill prohibits a transfer of real property if the property was obtained through eminent domain.

(Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 543 would make it explicitly clear that an economic development agreement cannot contain a transfer of property if the property was obtained through eminent domain.

C.S.S.B. 543 amends current law relating to the conveyance of property by a municipality for the public purpose of economic development.

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 Chapter 253, Local Government Code, by adding Section 253.0125, as follows:

Sec. 253.0125. CONVEYANCE TO CERTAIN ENTITIES FOR ECONOMIC DEVELOPMENT PURPOSES. (a) Provides that this section applies only to an entity and a municipality that have entered into an economic development agreement authorized by Chapter 380 (Miscellaneous Provisions Relating to Municipal Planning and Development).

(b) Authorizes a municipality to, notwithstanding Section 253.008 (Sale of Real Property by Public Auction) or 272.001(a) (relating to notice required before sale of real property by a political subdivision) or other law and except as provided by Subsection (d), transfer to an entity real property or interest in real property for consideration described by this section.

(c) Provides that consideration for a transfer authorized by this section is in the form of an agreement between the parties that requires the entity to use the property in a manner that primarily promotes a public purpose of the municipality relating to economic development. Requires that the agreement include provisions under which the municipality is granted sufficient control to ensure that the public purpose is accomplished and the municipality receives the return benefit.

(d) Prohibits a municipality from transferring for consideration authorized by this section real property or an interest in real property the municipality owns, holds, or claims as a public square or park.

(e) Requires a municipality to provide notice to the public published in a newspaper of general circulation in the county in which the property is located or, if there is no such newspaper, by any means for the municipality to provide public notice authorized by statute or by ordinance municipality before the municipality is authorized to transfer real property or an interest in real property under an agreement as provided by this section. Requires that the notice:

(1) include a description of the property, including its location;

(2) be provided within 10 days before the date the property or an interest in the property is transferred; and

(3) be published for two separate days within the period prescribed by Subdivision (2), if the notice is published in a newspaper.

(f) Prohibits a municipality from transferring real property for consideration described by this section if the property was acquired by the municipality from the previous owner by the exercise of eminent domain authority or the threat of the exercise of eminent domain authority.

(g) Provides that this section does not constitute a grant or expansion of eminent domain authority.

SECTION 2. Effective date: upon passage or September 1, 2023.