

BILL ANALYSIS

Senate Research Center
88R12418 DRS-D

S.B. 1419
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Natural Resources & Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Chapters 380 and 381 of the Local Government Code have been utilized frequently to promote economic development for local communities and the state. The broad authorization has led to creative and beneficial agreements, while leaving the door open to agreements with questionable practices and little transparency. As such, there is room to improve taxpayer confidence and transparency and implement sensible guardrails to protect public dollars and ensure the programs remain viable. S.B. 1419 seeks to implement those guardrails and improve transparency measures standardly across Chapters 380 and 381, Local Government Code, as well as Chapter 312, Tax Code.

As proposed, S.B. 1419 amends current law relating to limitations on the use of public money under certain economic development agreements or programs adopted by certain political subdivisions.

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

(c) Requires that the funds granted by the municipality under Section 380.002 (Economic Development Grants By Certain Municipalities) be derived from any source lawfully available to the municipality under its charter or other law, other than from the proceeds of:

- (1) ad valorem taxes; or
- (2) creates this subdivision from existing text.

SECTION 2. Amends Chapter 380, Local Government Code, by adding Sections 380.005 and 380.006, as follows:

Sec. 380.005. LIMITATIONS ON LOANS AND GRANTS OF PUBLIC MONEY. (a) Prohibits a municipality from making a loan or grant of public money under Chapter 380 (Miscellaneous Provisions Relating to Municipal Planning and Development) from the proceeds of ad valorem taxes or bonds or other obligations of the municipality payable from ad valorem taxes. Authorizes a municipality to use any other source lawfully available to the municipality under its charter or other law, including proceeds from sales taxes and fees, to make the loan or grant.

(b) Prohibits a municipality from making a loan or grant under this chapter for a period exceeding 10 years.

Sec. 380.006. PUBLIC MEETING AND NOTICE REQUIREMENTS. (a) Requires the governing body of the municipality, before a municipality is authorized to make a loan or

grant under this chapter, to hold a public hearing regarding the proposed loan or grant at which members of the public are given the opportunity to be heard.

(b) Requires a municipality that maintains an Internet website to post the current version of the proposed loan or grant under this chapter on the website.

(c) Requires that the public notice of a meeting at which the governing body of a municipality will consider the adoption of a proposed loan or grant under this chapter, in addition to any other requirement of law, contain:

(1) the name of the recipient of the loan or grant;

(2) a general description of the public purpose for which the loan or grant is provided; and

(3) the amount of and period of time for the loan or grant.

(d) Requires a municipality to give the notice of a meeting required by this section, except as otherwise provided by this section, in the manner provided by Chapter 551 (Open Meetings), Government Code.

(e) Requires a municipality to give notice of a meeting required by this section not less than 15 business days but not more than 30 business days before the meeting.

(f) Requires the municipality, if a municipality postpones a meeting required by this section to a later date, to hold the postponed meeting not more than 10 business days after the date for which the meeting was originally scheduled. Requires the municipality to give a new notice of the meeting as provided by Subsection (e), if the postponement would result in the meeting being held more than 30 business days after the date the municipality gave notice of the meeting.

SECTION 3. Amends Chapter 381, Local Government Code, by adding Sections 381.006 and 381.007, as follows:

Sec. 381.006. LIMITATIONS ON USE OF COUNTY MONEY. (a) Prohibits a county, county industrial commission, or development board, as applicable, from using county money for a purpose authorized by Chapter 381 (County Development and Growth) from the proceeds of ad valorem taxes or bonds or other obligations of the county payable from ad valorem taxes. Authorizes the county to use any other source lawfully available to the county under other law, including proceeds from sales taxes and fees, for a purpose authorized by this chapter.

(b) Prohibits a county from making a loan or grant under this chapter for a period exceeding 10 years.

Sec. 381.007. PUBLIC MEETING AND NOTICE REQUIREMENTS. (a) Requires the commissioners court of the county, before a county is authorized to use county money for a purpose authorized by this chapter, to hold a public hearing regarding the proposed use at which members of the public are given the opportunity to be heard.

(b) Requires a county that maintains an Internet website to post the current version of the proposed use of county money under this chapter on the website.

(c) Requires that the public notice of a meeting at which the commissioners court of a county will consider the adoption of a proposed use of county money under this chapter, in addition to any other requirement of law, contain:

(1) the name of the recipient of the county money;

(2) a general description of the public purpose for which the county money is provided; and

(3) if applicable, the amount of and period of time for a loan or grant of county money.

(d) Requires a county to give the notice of a meeting required by this section, except as otherwise provided by this section, in the manner provided by Chapter 551, Government Code.

(e) Requires a county to give notice of a meeting required by this section not less than 15 business days but not more than 30 business days before the meeting.

(f) Requires the county, if a county postpones a meeting required by this section to a later date, to hold the postponed meeting not more than 10 business days after the date for which the meeting was originally scheduled. Requires the county to give a new notice of the meeting as provided by Subsection (e), if the postponement would result in the meeting being held more than 30 business days after the date the county gave notice of the meeting.

SECTION 4. Amends Subchapter A, Chapter 312, Tax Code, by adding Section 312.008, as follows:

Sec. 312.008. **LIMITATION ON TAX ABATEMENT AGREEMENTS.** Provides that a taxing unit, in a tax abatement agreement entered into under Chapter 312 (Property Redevelopment and Tax Abatement Act):

(1) is authorized to provide only an abatement of the taxing unit's ad valorem taxes; and

(2) is prohibited from providing a loan or grant of public money from any other source.

SECTION 5. Amends Section 312.207, Tax Code, by amending Subsection (d) and adding Subsections (e) and (f), as follows:

(d) Requires that the notice of a meeting required by Section 312.207 (Approval by Governing Body) be given in the manner required by Chapter 551, Government Code, except as otherwise provided by this section. Deletes existing text requiring that the notice of a meeting required by this section be provided at least 30 days before the scheduled time of the meeting.

(e) Requires a municipality or other taxing unit to give notice of a meeting required by this section not less than 15 business days but not more than 30 business days before the meeting.

(f) Requires the municipality or other taxing unit, if a municipality or other taxing unit postpones a meeting required by this section to a later date, to hold the postponed meeting not more than 10 business days after the date for which the meeting was originally scheduled. Requires the municipality or other taxing unit to give a new notice of the meeting as provided by Subsection (e), if the postponement would result in the meeting being held more than 30 business days after the date the municipality or other taxing unit gave notice of the meeting.

SECTION 6. Repealers: Sections 381.002(a) (relating to authorizing the creation of a fund, upon approval by county voters, by the commissioners court of a county to advertise and promote the growth and development of the county) and 381.004(g) (relating to authorizing a commissioners court to develop and administer a program for entering into a tax abatement agreement with certain entities and to the terms governing such a program), Local Government Code.

SECTION 7. Makes application of this Act prospective.

SECTION 8. Effective date: September 1, 2023.