

## **BILL ANALYSIS**

Senate Research Center  
88R23634 DRS-D

C.S.S.B. 1419  
By: Birdwell  
Natural Resources & Economic Development  
4/24/2023  
Committee Report (Substituted)

### **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. C.S.S.B. 1419 seeks to implement those guardrails and improve transparency measures across Chapters 380 and 381, Local Government Code, as well as Chapter 312, Tax Code.

C.S.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 Chapter 380, Local Government Code, by adding Sections 380.005, 380.006, 380.007, and 380.008, as follows:

Sec. 380.005. LIMITATION ON TAX ABATEMENTS UNDER THIS CHAPTER.

(a) Prohibits a municipality from granting a tax abatement or entering into a tax abatement agreement under Chapter 380 (Miscellaneous Provisions Relating to Municipal Planning and Development).

(b) Provides that this section does not limit the authority of a municipality to make a loan or grant under Chapter 380:

(1) to a recipient who enters into a tax abatement agreement with the municipality under Chapter 312 (Property Redevelopment and Tax Abatement Act), Tax Code; or

(2) in conjunction with a tax abatement agreement entered into by the municipality under Chapter 312, Tax Code.

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.

**Sec. 380.007. PERFORMANCE METRICS REQUIREMENT.** (a) Requires that an agreement for a loan or grant under this chapter include appropriate performance metrics relating to the goals of an economic development program established under this chapter.

(b) Prohibits an agreement for a loan or grant under this chapter from being renewed under Section 380.008(b) unless the municipality determines that the performance metrics under the agreement have been met.

**Sec. 380.008. PERIOD OF AGREEMENT; RENEWAL.** (a) Prohibits a municipality from entering into an agreement to make a loan or grant under chapter for a period exceeding 10 years, except as otherwise provided by this section.

(b) Authorizes a municipality, subject to Section 380.007(b), to renew an agreement under this chapter. Authorizes an agreement to be renewed no more than three times, and each renewal period is prohibited from exceeding five years.

(c) Prohibits the total combined period for an agreement under this chapter, including the initial agreement and renewal periods, from exceeding 25 years.

**SECTION 2.** Amends Chapter 381, Local Government Code, by adding Sections 381.006, 381.007, 381.008, and 381.009, as follows:

**Sec. 381.006. LIMITATION ON TAX ABATEMENTS UNDER THIS CHAPTER.**

(a) Prohibits a county from granting a tax abatement or entering into a tax abatement agreement under Chapter 381 (County Development and Growth).

(b) Provides that this section does not limit the authority of a county:

(1) to make a loan or grant of county money under Chapter 381 to a recipient who enters into a tax abatement agreement with the county under Chapter 312, Tax Code; or

(2) to use county money for a purpose authorized by this chapter in conjunction with a tax abatement agreement entered into by the county under Chapter 312, Tax Code.

Sec. 381.007. PUBLIC MEETING AND NOTICE REQUIREMENTS. (a) Requires the commissioners court of a county, before the 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 in the manner provided by Chapter 551, Government Code, except as otherwise provided by this section.

(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) Provides that if a county postpones a meeting required by this section to a later date, the county is required to hold the postponed meeting not more than 10 business days after the date for which the meeting was originally scheduled. Provides that 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, the county is required to give a new notice of the meeting as provided by Subsection (e).

Sec. 381.008. PERFORMANCE METRICS REQUIREMENT. (a) Requires that an agreement relating to the use of county money under this chapter include appropriate performance metrics relating to the goals of an economic development program established under this chapter.

(b) Prohibits an agreement under this chapter from being renewed under Section 381.009(b) unless the county determines that the performance metrics under the agreement have been met.

Sec. 381.009. PERIOD OF AGREEMENT; RENEWAL. (a) Prohibits a county from entering into an agreement to make a loan or grant under this chapter for a period exceeding 10 years, except as otherwise provided by this section.

(b) Authorizes a county, subject to Section 380.008(b), to renew an agreement under this chapter. Authorizes an agreement to be renewed no more than three times, and each renewal period is prohibited from exceeding five years.

(c) Prohibits the total combined period for an agreement under this chapter, including the initial agreement and renewal periods, from exceeding 25 years.

SECTION 3. 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:

(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 4. 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 5. Makes application of this Act prospective.

SECTION 6. Effective date: September 1, 2023.