By:  Martinez Fischer H.B. No. 4940

A BILL TO BE ENTITLED

AN ACT

relating to limitations on the use of public money under certain economic development agreements or programs adopted by certain political subdivisions.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Section 380.002(c), Local Government Code, is amended to read as follows:

(c)  The funds granted by the municipality under this section shall 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)  bonds or other obligations of the municipality payable from ad valorem taxes.

SECTION 2.  Chapter 380, Local Government Code, is amended by adding Sections 380.005 and 380.006 to read as follows:

Sec. 380.005.  LIMITATIONS ON LOANS AND GRANTS OF PUBLIC MONEY. (a) A municipality may not make a loan or grant of public money under this chapter from the proceeds of ad valorem taxes or bonds or other obligations of the municipality payable from ad valorem taxes. The municipality may 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)  A municipality may not make a loan or grant under this chapter for a period exceeding 10 years.

Sec. 380.006.  PUBLIC MEETING AND NOTICE REQUIREMENTS. (a) Before a municipality may make a loan or grant under this chapter, the governing body of the municipality must hold a public hearing regarding the proposed loan or grant at which members of the public are given the opportunity to be heard.

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

(c)  In addition to any other requirement of law, 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 must 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)  Except as otherwise provided by this section, a municipality must give the notice of a meeting required by this section in the manner provided by Chapter 551, Government Code.

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

SECTION 3.  Chapter 381, Local Government Code, is amended by adding Sections 381.006 and 381.007 to read as follows:

Sec. 381.006.  LIMITATIONS ON USE OF COUNTY MONEY. (a) A county, county industrial commission, or development board, as applicable, may not use county money for a purpose authorized by this chapter from the proceeds of ad valorem taxes or bonds or other obligations of the county payable from ad valorem taxes. The county may 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)  A county may not make a loan or grant under this chapter for a period exceeding 10 years.

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

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

(c)  In addition to any other requirement of law, 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 must 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)  Except as otherwise provided by this section, a county must give the notice of a meeting required by this section in the manner provided by Chapter 551, Government Code.

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

SECTION 4.  Subchapter A, Chapter 312, Tax Code, is amended by adding Section 312.008 to read as follows:

Sec. 312.008.  LIMITATION ON TAX ABATEMENT AGREEMENTS. In a tax abatement agreement entered into under this chapter, a taxing unit:

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

(2)  may not provide a loan or grant of public money from any other source.

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

(d)  The notice of a meeting required by this section must be given in the manner required by Chapter 551, Government Code, except as otherwise provided by this section [~~that the notice must be provided at least 30 days before the scheduled time of the meeting~~].

(e)  A municipality or other taxing unit must 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)  If a municipality or other taxing unit postpones a meeting required by this section to a later date, the municipality or other taxing unit must hold the postponed meeting not more than 10 business days after the date for which the meeting was originally scheduled. 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, the municipality or other taxing unit must give a new notice of the meeting as provided by Subsection (e).

SECTION 6.  Sections 381.002(a) and 381.004(g), Local Government Code, are repealed.

SECTION 7.  The changes in law made by this Act apply only to an agreement entered into on or after the effective date of this Act. An agreement entered into before the effective date of this Act is governed by the law applicable to the contract on the date the contract was entered into, and that law is continued in effect for that purpose.

SECTION 8.  This Act takes effect September 1, 2023.