

By: Birdwell

S.B. No. 1419

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. Chapter 380, Local Government Code, is amended by adding Sections 380.005, 380.006, 380.007, and 380.008 to read as follows:

Sec. 380.005. LIMITATION ON TAX ABATEMENTS UNDER THIS CHAPTER. (a) A municipality may not grant a tax abatement or enter into a tax abatement agreement under this chapter.

(b) This section does not limit the authority of a municipality to make a loan or grant under this chapter:

(1) to a recipient who enters into a tax abatement agreement with the municipality under Chapter 312, 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) 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

1 chapter on the website.

2 (c) In addition to any other requirement of law, the public
3 notice of a meeting at which the governing body of a municipality
4 will consider the adoption of a proposed loan or grant under this
5 chapter must contain:

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

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

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

11 (d) Except as otherwise provided by this section, a
12 municipality must give the notice of a meeting required by this
13 section in the manner provided by Chapter 551, Government Code.

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

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

24 Sec. 380.007. PERFORMANCE METRICS REQUIREMENT. (a) An
25 agreement for a loan or grant under this chapter must include
26 appropriate performance metrics relating to the goals of an
27 economic development program established under this chapter.

1 (b) An agreement for a loan or grant under this chapter may
2 not be renewed under Section 380.008(b) unless the municipality
3 determines that the performance metrics under the agreement have
4 been met.

5 Sec. 380.008. PERIOD OF AGREEMENT; RENEWAL. (a) Except as
6 otherwise provided by this section, a municipality may not enter
7 into an agreement to make a loan or grant under this chapter for a
8 period exceeding 10 years.

9 (b) A municipality may, subject to Section 380.007(b),
10 renew an agreement under this chapter. An agreement may be renewed
11 no more than three times, and each renewal period may not exceed
12 five years.

13 (c) The total combined period for an agreement under this
14 chapter, including the initial agreement and renewal periods, may
15 not exceed 25 years.

16 SECTION 2. Chapter 381, Local Government Code, is amended
17 by adding Sections 381.006, 381.007, 381.008, and 381.009 to read
18 as follows:

19 Sec. 381.006. LIMITATION ON TAX ABATEMENTS UNDER THIS
20 CHAPTER. (a) A county may not grant a tax abatement or enter into a
21 tax abatement agreement under this chapter.

22 (b) This section does not limit the authority of a county:
23 (1) to make a loan or grant of county money under this
24 chapter to a recipient who enters into a tax abatement agreement
25 with the county under Chapter 312, Tax Code; or
26 (2) to use county money for a purpose authorized by
27 this chapter in conjunction with a tax abatement agreement entered

1 into by the county under Chapter 312, Tax Code.

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

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

10 (c) In addition to any other requirement of law, the public
11 notice of a meeting at which the commissioners court of a county
12 will consider the adoption of a proposed use of county money under
13 this chapter must contain:

- 14 (1) the name of the recipient of the county money;
15 (2) a general description of the public purpose for
16 which the county money is provided; and
17 (3) if applicable, the amount of and period of time for
18 a loan or grant of county money.

19 (d) Except as otherwise provided by this section, a county
20 must give the notice of a meeting required by this section in the
21 manner provided by Chapter 551, Government Code.

22 (e) A county must give notice of a meeting required by this
23 section not less than 15 business days but not more than 30 business
24 days before the meeting.

25 (f) If a county postpones a meeting required by this section
26 to a later date, the county must hold the postponed meeting not more
27 than 10 business days after the date for which the meeting was

1 originally scheduled. If the postponement would result in the
2 meeting being held more than 30 business days after the date the
3 county gave notice of the meeting, the county must give a new notice
4 of the meeting as provided by Subsection (e).

5 Sec. 381.008. PERFORMANCE METRICS REQUIREMENT. (a) An
6 agreement relating to the use of county money under this chapter
7 must include appropriate performance metrics relating to the goals
8 of an economic development program established under this chapter.

9 (b) An agreement under this chapter may not be renewed under
10 Section 381.009(b) unless the county determines that the
11 performance metrics under the agreement have been met.

12 Sec. 381.009. PERIOD OF AGREEMENT; RENEWAL. (a) Except as
13 otherwise provided by this section, a county may not enter into an
14 agreement to make a loan or grant under this chapter for a period
15 exceeding 10 years.

16 (b) A county may, subject to Section 381.008(b), renew an
17 agreement under this chapter. An agreement may be renewed no more
18 than three times, and each renewal period may not exceed five years.

19 (c) The total combined period for an agreement under this
20 chapter, including the initial agreement and renewal periods, may
21 not exceed 25 years.

22 SECTION 3. Subchapter A, Chapter 312, Tax Code, is amended
23 by adding Section 312.008 to read as follows:

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

27 (1) may only provide an abatement of the taxing unit's

1 ad valorem taxes; and

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

4 SECTION 4. Section 312.207, Tax Code, is amended by
5 amending Subsection (d) and adding Subsections (e) and (f) to read
6 as follows:

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

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

15 (f) If a municipality or other taxing unit postpones a
16 meeting required by this section to a later date, the municipality
17 or other taxing unit must hold the postponed meeting not more than
18 10 business days after the date for which the meeting was originally
19 scheduled. If the postponement would result in the meeting being
20 held more than 30 business days after the date the municipality or
21 other taxing unit gave notice of the meeting, the municipality or
22 other taxing unit must give a new notice of the meeting as provided
23 by Subsection (e).

24 SECTION 5. The changes in law made by this Act apply only to
25 an agreement entered into on or after the effective date of this
26 Act. An agreement entered into before the effective date of this
27 Act is governed by the law applicable to the contract on the date

1 the contract was entered into, and that law is continued in effect
2 for that purpose.

3 SECTION 6. This Act takes effect September 1, 2023.