

BILL ANALYSIS

C.S.H.B. 3255

By: Paul

Trade, Workforce & Economic Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Gulf Coast Authority was established by the Texas Legislature in 1969 to protect Texas waters, and its role was later expanded to finance waste, wastewater, and water treatment infrastructure. Today, the authority facilitates private activity bonds for qualified projects, supporting economic development while ensuring that industrial conduit financings remain the responsibility of private entities, not Texas taxpayers. The bill author has informed the committee that, recently, industries have approached the authority to help provide additional conduit financing supported by user fees for a variety of other uses, primarily focused on broadband, produced waters, renewables, and at-large energy transition projects. The bill author has also informed the committee that because Texas is positioned to become a leader in broadband access, a source of future water supplies, and a global energy hub, the authority offers a viable financial solution to support industries as new and improved technologies become available. C.S.H.B. 3255 seeks to enable the authority to provide this support by providing for a development corporation created by the authority to serve as a conduit financer for certain projects.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3255 amends Chapter 409 (S.B. 225), Acts of the 61st Legislature, Regular Session, 1969, to authorize a development corporation created by the Gulf Coast Authority under the Development Corporation Act to finance projects located inside or outside Texas that acquire, construct, equip, renovate, improve, or refinance the following:

- educational and housing facilities in the same manner as a higher education facility authority under the Higher Education Facility Authority for Private Schools Act;
- health facilities in the same manner as development corporations under the Health Facilities Development Act;
- facilities or activities of a 501(c)(3) tax-exempt organization;
- facilities for the production or storage of energy, including biomass, geothermal, nuclear, or hydroelectric energy;
- telecommunications service facilities or equipment, and any feature, function, or capability that is provided by the facility or equipment, including subscriber numbers, databases, signaling systems, and information sufficient for billing and collection or used in the transmission, routing, or other provision of telecommunications services; and

- the periodic acquisition of natural gas or electricity for a user, as described by the Development Corporation Act.

The bill establishes that a development corporation created by the Gulf Coast Authority has all of the powers of a public facility corporation under the Public Facility Corporation Act for the purpose of acquiring natural gas or electricity for a user.

C.S.H.B. 3255 authorizes a development corporation created by the Gulf Coast Authority to finance, acquire, construct, improve, lease, operate, or otherwise support a facility, activity, or undertaking that a local government, as defined by Local Government Code provisions relating to state cooperation in local purchasing programs, or an entity created on behalf of such a local government is authorized to finance, acquire, construct, improve, lease, operate, or otherwise support, regardless of whether the facility, activity, or undertaking is an authorized project of a development corporation. The bill establishes that the legislative findings contained in the Development Corporation Act apply to these provisions and to any facility, activity, or undertaking authorized by these provisions to the same extent as if expressly made in these provisions.

C.S.H.B. 3255 requires a development corporation created by the Gulf Coast Authority that issues a public security for an out-of-state project of the development corporation to submit to the attorney general a resolution approving the public security and a detailed description of the proposed project and financing for the project. The bill establishes that a public security issued by the development corporation for a project located outside of Texas or a contract supporting the public security is not subject to the review and approval of the attorney general if the attorney general does not request in writing the submission of the record of proceedings relating to the authorization of the public security within 12 business days from the date the attorney general receives the resolution and detailed description.

C.S.H.B. 3255 establishes the following with respect to a project financed by the development corporation created by the Gulf Coast Authority:

- an out-of-state project meets the public purpose of the Development Corporation Act if the development corporation finds that the project is required or suitable for the development or promotion of new or expanded business enterprises; and
- the project fully satisfies and is considered sufficient for purposes of any project approval standards adopted by the Texas Economic Development and Tourism Office (TEDTO) if the development corporation finds that the project is suitable for the development or promotion of new or expanded business enterprises.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 3255 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute does the following with respect to the authorization for a development corporation created by the Gulf Coast Authority under the Development Corporation Act to finance certain projects located inside or outside Texas:

- omits a specification present in the introduced that such projects include the acquisition, construction, equipping, renovating, improvement, or refinancing of hotels, including convention center facilities or convention center complexes primarily used to host conventions and meetings, and storage infrastructure and related facilities for energy and alternative energy production or carbon capture;

- instead specifies that such projects include the acquisition, construction, equipping, renovating, improvement, or refinancing of facilities for the production or storage of energy, telecommunications service facilities or equipment, and any feature, function, or capability that is provided by the facility or equipment, and the periodic acquisition of natural gas or electricity for a user, which the introduced did not specify; and
- omits a specification present in the introduced that the projects described under the bill's provisions relating to the creation or retention of primary jobs and projects located inside or outside of Texas that acquire, construct, equip, renovate, improve, or refinance certain facilities are each authorized projects under the Development Corporation Act.

The substitute includes the following provisions absent from the introduced:

- a provision establishing that a development corporation created by the Gulf Coast Authority has all of the powers of a public facility corporation under the Public Facility Corporation Act for the purpose of acquiring natural gas or electricity;
- an authorization for such a development corporation to finance, acquire, construct, improve, lease, operate, or otherwise support a facility, activity, or undertaking that a local government or an entity created on behalf of a local government is authorized to finance, acquire, construct, improve, lease, operate, or otherwise support, regardless of whether the facility, activity, or undertaking is an authorized project under applicable Local Government Code provisions;
- a provision establishing that the legislative findings contained in the Development Corporation Act apply to that authorization and to any authorized facility, activity, or undertaking; and
- a provision establishing that certain projects financed by the development corporation meet the public purpose of the Development Corporation Act and fully satisfy and are considered sufficient for purposes of any project approval standards adopted by TEDTO, as applicable, on a finding by the development corporation.

The substitute does not include an exemption present in the introduced of a development corporation created by the Gulf Coast Authority from certain provisions under the Development Corporation Act relating to corporate powers and limitations regarding bonds and administration by TEDTO.