

By: Birdwell

S.B. No. 878

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, 380.008, and 380.009 to read as follows:

Sec. 380.005. PROHIBITION ON AD VALOREM TAX RELIEF UNDER THIS CHAPTER. (a) A municipality may not grant an exemption or other relief from ad valorem taxation under this chapter.

(b) This section does not limit the authority of a municipality to:

(1) make a loan or grant under this chapter:

(A) to a recipient who enters into a tax abatement agreement with the municipality under Chapter 312, Tax Code; or

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

(2) use revenue in a tax increment fund created under Chapter 311, Tax Code, to pay for a project that is part of an agreement authorized by this chapter.

Sec. 380.006. PUBLIC MEETING AND NOTICE REQUIREMENTS. (a) Before a municipality may make a loan or grant under this chapter,

1 the governing body of the municipality must hold a public hearing
2 regarding the proposed loan or grant at which members of the public
3 are given the opportunity to be heard.

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

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

11 (1) the name of the recipient of the loan or grant;
12 (2) a general description of the public purpose for
13 which the loan or grant is provided; and

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

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

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

22 (f) If a municipality postpones a meeting required by this
23 section to a later date, the municipality must hold the postponed
24 meeting not more than 10 business days after the date for which the
25 meeting was originally scheduled. If the postponement would result
26 in the meeting being held more than 30 business days after the date
27 the municipality gave notice of the meeting, the municipality must

1 give a new notice of the meeting as provided by Subsection (e).

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

6 (b) An agreement for a loan or grant under this chapter may
7 not be renewed under Section 380.008(b) unless the municipality
8 determines that the performance metrics under the agreement have
9 been met.

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

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

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

21 Sec. 380.009. CONFIDENTIALITY OF PROPRIETARY INFORMATION.
22 Information that is provided to a municipality in connection with
23 an application or request for a loan or grant under this chapter and
24 that describes the specific processes or business activities to be
25 conducted or the equipment or other property to be located on the
26 property for which a loan or grant is sought is confidential and not
27 subject to public disclosure until the loan or grant agreement is

1 executed. Information that is in the custody of a municipality
2 after an agreement has been executed is not confidential under this
3 section.

4 SECTION 2. Chapter 381, Local Government Code, is amended
5 by adding Sections 381.006, 381.007, 381.008, 381.009, and 381.010
6 to read as follows:

7 Sec. 381.006. PROHIBITION ON AD VALOREM TAX RELIEF UNDER
8 THIS CHAPTER. (a) A county may not grant an exemption or other
9 relief from ad valorem taxation under this chapter.

10 (b) This section does not limit the authority of a county
11 to:

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

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

18 (3) use revenue in a tax increment fund created under
19 Chapter 311, Tax Code, to pay for a project that is part of an
20 agreement authorized by this chapter.

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

26 (b) A county shall post the current version of the proposed
27 use of county money under this chapter on the county's Internet

1 website.

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

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

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

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

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

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

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

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

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

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

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

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

14 Sec. 381.010. CONFIDENTIALITY OF PROPRIETARY INFORMATION.
15 Information that is provided to a county in connection with an
16 application or request for a loan or grant under this chapter and
17 that describes the specific processes or business activities to be
18 conducted or the equipment or other property to be located on the
19 property for which a loan or grant is sought is confidential and not
20 subject to public disclosure until the loan or grant agreement is
21 executed. Information that is in the custody of a county after an
22 agreement has been executed is not confidential under this section.

23 SECTION 3. Subchapter A, Chapter 312, Tax Code, is amended
24 by adding Section 312.009 to read as follows:

25 Sec. 312.009. LIMITATION ON TAX ABATEMENT AGREEMENTS. In a
26 tax abatement agreement entered into under this chapter, a taxing
27 unit:

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

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

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

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

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

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

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

S.B. No. 878

1 Act is governed by the law applicable to the contract on the date
2 the contract was entered into, and that law is continued in effect
3 for that purpose.

4 SECTION 6. This Act takes effect September 1, 2025.