

By: Birdwell

S.B. No. 878

A BILL TO BE ENTITLED

AN ACT

1
2 relating to limitations on the use of public money under certain
3 economic development agreements or programs adopted by certain
4 political subdivisions.

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

6 SECTION 1. Chapter 380, Local Government Code, is amended
7 by adding Sections 380.005, 380.006, 380.007, 380.008, and 380.009
8 to read as follows:

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

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

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

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

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

23 (b) A municipality that maintains an Internet website shall
24 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 10 business 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 Sec. 380.009. CONFIDENTIALITY OF PROPRIETARY INFORMATION.
17 Information that is provided to a municipality in connection with
18 an application or request for a loan or grant under this chapter and
19 that describes the specific processes or business activities to be
20 conducted or the equipment or other property to be located on the
21 property for which a loan or grant is sought is confidential and not
22 subject to public disclosure until the loan or grant agreement is
23 executed. Information that is in the custody of a municipality
24 after an agreement has been executed is not confidential under this
25 section.

26 SECTION 2. Chapter 381, Local Government Code, is amended
27 by adding Sections 381.006, 381.007, 381.008, 381.009, and 381.010

1 to read as follows:

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

5 (b) This section does not limit the authority of a county:

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

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

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

17 (b) A county shall post the current version of the proposed
18 use of county money under this chapter on the county's Internet
19 website.

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

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

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

27 (3) if applicable, the amount of and period of time for

1 a loan or grant of county money.

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

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

8 (f) If a county postpones a meeting required by this section
9 to a later date, the county must hold the postponed meeting not more
10 than 10 business days after the date for which the meeting was
11 originally scheduled. If the postponement would result in the
12 meeting being held more than 30 business days after the date the
13 county gave notice of the meeting, the county must give a new notice
14 of the meeting as provided by Subsection (e).

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

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

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

26 (b) A county may, subject to Section 381.008(b), renew an
27 agreement under this chapter. An agreement may be renewed no more

1 than three times, and each renewal period may not exceed five years.

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

5 Sec. 381.010. CONFIDENTIALITY OF PROPRIETARY INFORMATION.

6 Information that is provided to a county in connection with an
7 application or request for a loan or grant under this chapter and
8 that describes the specific processes or business activities to be
9 conducted or the equipment or other property to be located on the
10 property for which a loan or grant is sought is confidential and not
11 subject to public disclosure until the loan or grant agreement is
12 executed. Information that is in the custody of a county after an
13 agreement has been executed is not confidential under this section.

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

16 Sec. 312.009. LIMITATION ON TAX ABATEMENT AGREEMENTS. In a
17 tax abatement agreement entered into under this chapter, a taxing
18 unit:

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

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

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

26 (d) The notice of a meeting required by this section must be
27 given in the manner required by Chapter 551, Government Code,

1 except as otherwise provided by this section [~~that the notice must~~
2 ~~be provided at least 30 days before the scheduled time of the~~
3 ~~meeting~~].

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

7 (f) If a municipality or other taxing unit postpones a
8 meeting required by this section to a later date, the municipality
9 or other taxing unit must hold the postponed meeting not more than
10 10 business days after the date for which the meeting was originally
11 scheduled. If the postponement would result in the meeting being
12 held more than 30 business days after the date the municipality or
13 other taxing unit gave notice of the meeting, the municipality or
14 other taxing unit must give a new notice of the meeting as provided
15 by Subsection (e).

16 SECTION 5. The changes in law made by this Act apply only to
17 an agreement entered into on or after the effective date of this
18 Act. An agreement entered into before the effective date of this
19 Act is governed by the law applicable to the contract on the date
20 the contract was entered into, and that law is continued in effect
21 for that purpose.

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