

- SUBJECT:** Residency requirements for economic development corporation directors
- COMMITTEE:** Economic Development — committee substitute recommended
- VOTE:** 7 ayes — Deshotel, Straus, Kolkhorst, Dunnam, Morrison, Ortiz, Veasey
0 nays
- WITNESSES:** For —Matt Lewis; (*Registered, but did not testify:* John Kroll, Town of Little Elm; David Pore, City of Lufkin Economic Development Corporation)
Against —None
- BACKGROUND:** Under sec. 4B(c) of the Development Corporation Act of 1979 (VTCS, art. 5190.6), a member of the board of directors of an economic development corporation in a city with a population of more than 20,000 must live in the city. A board member of an economic development corporation in a city with a population of less than 20,000 must live in the city, in the county that largely contains the city, or:
- in a county that borders the county largely containing the city; and
 - in a home that is no more than 10 miles from the boundaries of the city.
- DIGEST:** CSHB 1617 would modify the residency requirements for board members of 4B economic development corporations. A board member of an economic development corporation in a city with a population of more than 100,000 would be required to live in the city. A board member of an economic development corporation in a city with a population of less than 100,000 would have to live in the city, in the county that largely contained the city, or in a home in a bordering county no more than 10 miles from the boundaries of the city.
- No more than two board members in a corporation in a city with fewer than 100,000 residents could live outside the city.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

**SUPPORTERS
SAY:**

CSHB 1617 would help economic development corporations find qualified people to serve on their boards by accounting for population growth in cities across Texas. It simply would allow these corporations to draw from a wider pool of potential volunteers who might be interested in public service, particularly in growing cities that had not annexed surrounding areas in which likely candidates for board membership might live. Furthermore, people who live outside the city and in surrounding counties have a vested interest in the economic health and growth of the nearby city. The bill would allow these people to have a positive impact on the cities in which they work, shop, and spend much of their lives.

By limiting the number of non-residents who could serve on the boards of corporations in smaller cities to two, the bill would minimize the impact of non-city issues on board decisions. In addition, even in larger cities, CSHB 1617 still would require directors to be nominated and approved by the city council, which would help assure that economic development boards continued to contain directors with a vested interest in their cities.

**OPPONENTS
SAY:**

By relaxing the requirements for board members to live in the city that contains the economic development corporation, this bill would allow non-residents to wield a disproportionate amount of influence on the growth and development of the city. Board members who do not live in the city might be more inclined to use their authority to deal with issues that affected the surrounding area but not the city itself.