

BILL ANALYSIS

Senate Research Center

H.B. 1525
By: Oliveira (Sibley)
Economic Development
5-14-97
Engrossed

DIGEST

Currently, Sections 4A and 4B of the Development Corporation Act authorize certain cities to impose an "economic development" sales tax with local voter approval. Revenue from the "4A" tax may be used by "4A corporations" to build business airports, recycling, manufacturing and industrial facilities. Revenue from the "4B" tax may be used by "4B corporations" to fund certain civic projects such as sports facilities and parks, as well as many of the industrial projects authorized under Section 4A of this Act. There is concern that current law makes it difficult for cities to transfer from the 4A to 4B tax because voters must approve two separate ballot propositions: one to abolish the 4A tax and another to impose the 4B tax. This bill authorizes 4A corporations to use 4A tax proceeds to fund projects traditionally reserved for 4B corporations after holding a public hearing and obtaining local voter approval.

PURPOSE

As proposed, H.B. 1525 authorizes certain corporations to use tax proceeds to fund projects upon obtaining voter approval.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 4A, Article 5190.6, V.T.C.S. (Development Corporation Act of 1979), as follows:

(s) (1) Authorizes a city that creates or has created a corporation governed by this section to submit to the voters of the city, at a separate election to be held on a uniform election date or at an election held under another provision of this Act, including certain elections, a ballot proposition that authorizes the corporation to use the sales and use tax, including any amount previously authorized and collected, for a specific project or for a specific category of projects that does not qualify under this section but qualifies under Section 4B of this Act. Provides that prior approval of a specific project approved at an election does not prohibit a city from seeking voter approval of an additional project or category of projects under this subsection to be funded from the same sales and use tax.

(2) Requires, in the election to authorize the use of the sales or use tax for a specific project or for a specific category of projects not authorized under this section, the project or category of projects to be clearly described on the ballot so that a voter will be able to discern the limits of the specific project or category of projects authorized by the proposition. Sets forth a requirement regarding ballot language.

(3) Requires a public hearing to be held, before an election may be held, in the city to inform the residents of the city of the cost and impact of the project or category of projects. Requires, at least 30 days before the date set for the hearing, a notice of the date, time, place, and subject of the hearing, to be published in a newspaper with general circulation in the city in which the project is located. Provides that the notice should be published on a weekly basis until the date of the hearing.

(4) Prohibits another election from being held on the same project or category of projects, before the first anniversary of the date of the most recent election disapproving the project or category of projects, under certain conditions.

SECTION 2. Emergency clause.

Effective date: upon passage.