

BILL ANALYSIS

Senate Research Center
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S.B. 1044
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DIGEST AND PURPOSE

Current law permits an industrial development corporation (IDC) created by a municipality under the Development Corporation Act of 1979 to issue bonds to finance the cost of promoting economic development in the state. While current law also permits a home-rule municipality of more than 100,000 to grant public money to certain tax-exempt organizations for certain economic development purposes, municipalities in general are not authorized to grant any public money to an IDC. Thus, cities cannot use tax revenues to help an IDC retire bonds issued by the IDC to fund economic development projects. As proposed, S.B. 1044 authorizes a home-rule municipality of more than 100,000 to grant any public monies that are derived from any source lawfully available to the municipality under its charter or other law, other than from the proceeds of bonds or other obligations of the municipality payable from ad valorem taxes, to an IDC for certain economic development purposes.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 380.002, Local Government Code, by amending Subsection (b) and adding Subsection (c), as follows:

(b) Authorizes a home-rule municipality with a population of more than 100,000 to, under a contract with a development corporation created by the municipality under the development Corporation Act of 1979 (Article 5190.6, V.T.C.S.), grant public money to the corporation. Authorizes the development corporation to use the grant money for certain stated purposes.

(c) Requires the funds granted by the municipality under this section to be derived from any source lawfully available to the municipality under its charter or other law, with certain exceptions.

SECTION 2. Amends Sections 21 and 22, Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.), as follows:

Sec. 21. Prohibits any unit from being authorized to lend its credit or grant any public money or thing of value in aid of a corporation, except that a city may grant public money to a corporation under a contract authorized by Section 380.002 (Economic Development Grants by Certain Municipalities), Local Government Code.

Sec. 22. Prohibits the corporation from being authorized to incur financial obligations which cannot be paid from proceeds of the bonds, from revenues realized from the lease or sale of a project or realized from a loan made by the corporation to finance or refinance in whole or in part a project, or from revenues from a contract with a city under Section 380.002, Local

Government Code.

SECTION 3. Effective date: upon passage or September 1, 2001.