

## **BILL ANALYSIS**

Senate Research Center  
79R6875 CLG-D

S.B. 1318  
By: Staples  
S/C on Emerging Technologies & Economic Development  
3/31/2005  
As Filed

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

The 78th Legislature, Regular Session, 2003, adopted H.B. 2912. The bill's intent was to prevent and protect against the misuse of taxpayer dollars. However, H.B. 2912 created new challenges for small and rural communities because of overly restrictive language.

Current law governing the imposition and use of the 4B economic development sales tax requires "eligible projects" to relate to the promotion or retention of a primary job. Primary jobs must fall within the definition of a specific code system, the North America Industry Classification System.

As proposed, S.B. 1318 expands the definition of eligible projects for communities that adopt a 4B economic development sales tax and have a population of less than 50,000 with a three-year average of less than \$500,000 in revenues. It allows an economic development corporation greater self-determination and local control in choosing how to expend taxpayer dollars to assist in economic development efforts.

### **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 2(11), Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.), to amend the definition of "project."

SECTION 2. Amends Section 4B(a)(2), Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.), to amend the definition of "project."

SECTION 3. Amends Section 4B, Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.), by adding Subsection (g-1), to provide that this subsection applies only to a corporation created by a certain eligible city. Prohibits a corporation to which this subsection applies from using more than 50 percent of the corporation's tax proceeds for a project other than a project described by Section 2(11) of this Act.

SECTION 4. Effective date: September 1, 2005.