

## **BILL ANALYSIS**

Senate Research Center  
86R16481 JCG-F

C.S.S.B. 1367  
By: Buckingham  
Intergovernmental Relations  
4/9/2019  
Committee Report (Substituted)

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

Chapter 377 of the Local Government Code provides direction for allowable actions of municipal development districts, which may be created by municipalities to plan, acquire, establish, develop, construct, or renovate one or more development projects beneficial to the district. However, current law unnecessarily restricts municipal development districts from funding certain economic development projects outside a district's boundaries, even if those projects are determined to have a positive return on investment for the district. S.B. 1367 would create an option for municipal development districts to fund certain projects outside their district if the board of the municipal development district determines that the development project will provide an economic benefit to the district and the governing body of the municipality that created the district by resolution approves the development project. As proposed, S.B. 1367 amends current law relating to use of project funds of municipal development districts.

The committee substitute makes the following change:

Adds an additional requirement for funding an economic development project outside the boundaries of a municipal development district. In addition to the requirements of S.B. 1367 as introduced, the committee substitute requires the governing body of the municipality where the development project will be located by resolution to approve the development project.

This additional requirement further ensures public involvement, transparency, and approval by local elected officials who voters can hold accountable.

C.S.S.B. 1367 amends current law relating to use of project funds of municipal development districts.

### **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 377.072(c), Local Government Code, as follows:

(c) Authorizes the municipal development district (district), except as provided by Subsections (d) and (e) (relating to authorized use of funds for districting fitting certain criteria), to use money in the development project fund only to:

(1) pay the costs of planning, acquiring, establishing, developing, constructing, or renovating one or more development projects located:

(A) creates this paragraph from existing text and makes a nonsubstantive change; or

(B) outside the district, if:

(i) the board of directors of the district determines that the development project will provide an economic benefit to the district; and

(ii) the following entities, as applicable, by resolution approve the development project:

(a) the municipality that created the district;

(b) each municipality in whose corporate limits or extraterritorial jurisdiction the project is located; and

(c) the commissioners court of the county in which the project is located, if the project is not located in the corporate limits or extraterritorial jurisdiction of a municipality; or

(2)–(3) makes no changes to these subdivisions.

SECTION 2. Effective date: upon passage or September 1, 2019.