

## **BILL ANALYSIS**

H.B. 4049  
By: Turner  
County Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Interested parties note that certain stakeholders have worked to encourage the growth of construction businesses owned by women and members of minority groups but contend that additional help is needed to further such growth. H.B. 4049 seeks to help address this issue by providing for the establishment of an intergovernmental development corporation in certain counties.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

H.B. 4049 amends the Local Government Code to authorize the commissioners court of a county in which two or more municipalities with a population of more than 300,000 are predominately located and the governing body of a single political subdivision or governing bodies of a combination of political subdivisions located wholly or partly in such a county to create a development corporation as provided by the bill. The bill limits the number of corporations that may be created to one; requires such a corporation to be formed as a nonprofit corporation under the Business Organizations Code; and requires the corporation's certificate of formation to state that the corporation is governed by the bill's provisions. The bill establishes that the bill's provisions prevail to the extent of a conflict with respect to the powers, rights, or duties of a nonprofit corporation between those provisions and the Business Organizations Code. The bill requires the initial bylaws of a corporation established under the bill's provisions to be adopted by its board of directors and approved by resolution of each governing body that created the corporation and requires any subsequent changes made to the bylaws to be approved by each such governing body.

H.B. 4049 establishes that the corporation is governed by a board of directors and sets out provisions relating to the board and its members. The bill establishes that the board is treated as a governmental body for purposes of state open meetings law and state public information law. The bill requires the board to prepare an annual budget for the corporation and conditions the effect of the budget on the budget being approved by the board and presented to and approved by each governing body that created the corporation. The bill prohibits the corporation from making any expenditure authorized by the bill's provisions until the budget has been approved and requires an amendment of the budget to be approved in the same manner as the budget. The bill entitles a governing body that created the corporation to access to the corporation's books and

records at all times.

H.B. 4049 sets out provisions establishing such a corporation's general powers, including authorization to adopt rules to govern the operation of the corporation and its employees and property. The bill authorizes a corporation to develop and implement a specified program to foster minority-owned or women-owned construction businesses.

H.B. 4049 provides for legislative findings regarding the public purposes of a corporation's property and exempts a leasehold or other possessory interest granted by the corporation from a Tax Code requirement that certain tax-exempt real property be listed in the name of the owner of the possessory interest if the duration of the interest may be at least one year. The bill exempts property owned by the corporation from property tax while the corporation owns the property. The bill establishes that its provisions are to be liberally construed in conformity with the findings and purposes set out by the bill.

**EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2017.