

## **BILL ANALYSIS**

Senate Research Center

H.B. 782  
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Intergovernmental Relations  
4/9/2001  
Engrossed

### **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 economic development projects. However, municipalities are not authorized to grant any public money to an IDC to help an IDC retire bonds that were issued to fund economic development projects. As proposed, H.B. 782 authorizes a home-rule municipality to grant public money to an IDC for certain economic development purposes. The money granted by the city cannot be the proceeds of bonds or other obligations of the municipality payable from ad valorem taxes.

### **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, 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.), to grant public money to the corporation. Requires the development corporation to use the grant money for the development and diversification of the economy of the state, elimination of unemployment or underemployment in the state, and development and expansion of commerce in the state.

(c) Redesignates text from Subsection (b) and makes a nonsubstantive change.

SECTION 2. Amends Sections 21 and 22, Article 5190.6, V.T.C.S., as follows:

Sec. 21. Adds an exception, as provided by Section 380.002, Local Government Code, to the prohibition against lending or granting any public money to a corporation.

Sec. 22. Prohibits the corporation from being authorized to incur financial obligations which cannot be paid 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.