

BILL ANALYSIS

Senate Research Center

H.J.R. 80
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S/C on Emerging Technologies & Economic Dev.
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Article III, Section 52-a, of the Texas Constitution grants the legislature authority to create statutory programs for economic development, including grants and loans. Chapter 380 of the Local Government Code was enacted to implement the constitutional amendment.

Recently, a state district court held that agreements between cities and businesses under Chapter 380, Local Government Code, which exceed one year in term are unconstitutional. Such a finding renders Chapter 38 virtually unusable, as the only prudent way to grant public funds for economic development is to do so long-term, such that the performance of corporate grantees can be closely monitored and the public's funds thereby protected.

H.J.R. 80 proposes a constitutional amendment to clarify that certain economic development agreements exceeding one year between two cities and businesses under Chapter 380, Local Government Code, are not unconstitutional debts.

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 52-a, Article III, Texas Constitution, as follows:

Sec. 52-a. Adds provision that a program created or a loan or grant made as provided by this section does not constitute or create a debt for the purpose of any provision of this constitution or other law that prohibits a political subdivision of the state from incurring debt or otherwise limits the ability of a political subdivision of the state to incur debt.

SECTION 2. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held November 8, 2005. Requires the ballot to be printed to permit voting for or against the proposition: "The constitutional amendment clarifying that certain economic development programs do not constitute debt."