

BILL ANALYSIS

Senate Research Center

S.B. 1563
By: Eltife
Intergovernmental Relations
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

TexAmericas Center is a political subdivision of the State of Texas which was formed to take title to property formerly owned by the United States Department of the Army and operated as a portion of Red River Army Depot and Lone Star Army Ammunition Plant in Bowie County, Texas. A portion of the property received from the Federal Government contains structures commonly known as "igloos" or "bunkers," which are designed for the storage of explosives. TexAmericas Center desires to be able to transfer title to such property into a nonprofit title holding corporation to enhance its ability to protect other assets of TexAmericas Center, including the surrounding property and its financial resources, from the risk of explosive damage and/or environmental liability. It is common practice in the private sector for non-taxable entities, such as charities, to establish title holding companies to hold title to property, receive the income from the lease or sale of the property, and remit that income, less expenses, to the parent organization.

S.B. 1563 authorizes TexAmericas Center to create nonprofit corporations to acquire and hold title to real property and improvements. The property would be eligible for the same exemptions from taxes that TexAmericas Center currently enjoys.

S.B. 1563 amends current law relating to the authority of the TexAmericas Center to incorporate a nonprofit corporation for certain purposes and to the tax treatment of such a nonprofit corporation.

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 Subchapter C, Chapter 3503, Special District Local Laws Code, by adding Section 3503.111, as follows:

Sec. 3503.111. NONPROFIT CORPORATIONS. (a) Authorizes the TexAmericas Center (authority) to authorize by resolution the incorporation of a nonprofit corporation under the Business Organizations Code to exercise the powers granted to the authority. Requires a corporation created under this section to be a nonmember, nonstock corporation.

- (b) Authorizes each nonprofit corporation created under this section to:
- (1) acquire and hold title to real property and improvements to that property; and
 - (2) collect and remit to the authority income, less expenses, from that real property and from improvements to that property.

(c) Requires the authority's board of directors (board) to appoint the board of directors of each nonprofit corporation created under this section. Provides that a board member is not required to reside in the authority.

(d) Authorizes a board member or employee of the authority to simultaneously serve as a member of the board of directors of a nonprofit corporation. Authorizes a person serving as a board member of the authority and of a nonprofit corporation created by the authority to participate in all votes relating to the business of the authority or the corporation, regardless of any statutory prohibition.

SECTION 2. Amends Section 3503.154, Special District Local Laws Code, as follows:

Sec. 3503.154. EXEMPTION FROM TAXATION. Provides that the property, revenue, and income of the authority and of each nonprofit corporation created under Section 3503.111 are exempt from all taxes imposed by the state or a political subdivision of the state.

SECTION 3. Effective date: upon passage or September 1, 2015.