

BILL ANALYSIS

Senate Research Center
76R14450 PAM-F

H.B. 3049
By: Counts (Ratliff)
Finance
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Engrossed

DIGEST

The Development Corporation Act (Act) of 1979 (Article 5190.6, V.T.C.S.) was passed to enhance and promote economic development. Section 3 of the Act states: the present and prospective right to gainful employment and general welfare of the people of this state require as a public purpose the promotion and development of new and expanded business enterprises. However, one or more economic development corporations chartered under the Act may have provided certain tax incentives and other benefits to businesses whose primary purpose is to influence the electoral process. This leads to subsidization of political activities with public tax dollars. H.B. 3049 would prohibit certain agreements between economic development corporations and persons engaged in certain political activities, and would provide civil and criminal penalties.

PURPOSE

As proposed, H.B. 3049 prohibits certain agreements between economic development corporations and persons engaged in certain political activities, and provides civil and criminal penalties.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 5190.6, V.T.C.S. (Development Corporation Act of 1979), by adding Section 32A, as follows:

Sec. 32A. Defines "benefit," "measure," "political committee," "political contribution," and "political advertising." Prohibits an economic development corporation (corporation) from knowingly entering into an agreement under which the corporation directly or indirectly provides a benefit to a person who engages in political activities for compensation, including a person who, in connection with a campaign for elective office or on a measure, provides the enumerated services. Sets forth certain consequences for a corporation that enters into an agreement prohibited by Subsection (b). Provides that a person other than a corporation who enters into an agreement prohibited by Subsection (b) of this section commits a Class A misdemeanor. Provides that a person other than a corporation who enters into an agreement prohibited by Subsection (b) of this section and who makes a false representation to induce the corporation to enter into the agreement commits a Class B misdemeanor. Makes liable a person other than a corporation who enters into an agreement prohibited by Subsection (b) of this section to the state for a civil penalty not to exceed \$10,000. Authorizes an individual who resides within the jurisdiction of a corporation created under this article to bring a civil action alleging a violation of this section and seeking to enforce the terms of this article, enforce the terms of the articles of incorporation or bylaws of the corporation as provided by this Act, or void an act or agreement of the corporation that violates this article, or the terms of the articles of incorporation or the bylaws of the economic development corporation.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Emergency clause.