

BILL ANALYSIS

Senate Research Center
81R31631 NC-D

C.S.H.B. 3072
By: Geren (Nelson)
Economic Development
5/19/2009
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law prohibits a municipality from transferring publicly-owned land to an economic development corporation. Rather, an economic development corporation is required to purchase publicly-owned land through a bidding process. This process often hamstrings an economic development corporation's budget and drives up the price of the land, which creates a challenge to a city of limited resources that is working to improve its local economy. The challenge is greater for a city that is either built-out or is pursuing redevelopment efforts. As long as such cities are unable to transfer publicly-owned land directly to an economic development corporation, the situation will continue to trouble communities throughout Texas. This bill's provisions are restricted to a city of 20,000 or less to ensure that the provisions affect only a city that does not possess the resources to acquire such land by conventional means.

This bill authorizes a municipality with a population of 20,000 or less to transfer real property or an interest in real property to an economic development corporation without complying with the notice and bidding requirements provided by law. The bill establishes certain requirements for the transfer.

C.S.H.B. 3072 amends current law relating to the transfer of municipal property to economic development corporations by certain municipalities.

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 Chapter 253, Local Government Code, by adding Section 253.012, as follows:

Sec. 253.012. CONVEYANCE TO ECONOMIC DEVELOPMENT CORPORATION BY CERTAIN MUNICIPALITIES. (a) Defines "economic development corporation."

(b) Provides that this section applies only to a municipality with a population of 20,000 or less.

(c) Authorizes a municipality to transfer to an economic development corporation, for consideration described by this section, real property or an interest in real property without complying with the notice and bidding requirements of Section 272.001(a) (relating to a required notice before land owned by a political subdivision of the state may be sold or exchanged for other land) or other law.

(d) Provides that consideration for a transfer authorized by this section is in the form of an agreement between the parties that requires the economic development corporation to use the property in a manner that primarily promotes a public purpose of the municipality. Provides that if the economic development corporation at any time fails to use the property in that manner, ownership of the property automatically reverts to the municipality.

(e) Requires the municipality to transfer the property by an appropriate instrument of transfer. Requires that the instrument include a provision that requires the economic development corporation to use the property in a manner that primarily promotes a public purpose of the municipality, and indicates that ownership of the property automatically reverts to the municipality if the nonprofit organization at any time fails to use the property in that manner.

(f) Prohibits a municipality from transferring property to an economic development corporation under this section if the municipality acquired the property through eminent domain.

SECTION 2. Effective date: upon passage or September 1, 2009.