

- SUBJECT:** Infrastructure improvement by certain development corporations
- COMMITTEE:** Urban Affairs — favorable, without amendment
- VOTE:** 5 ayes — Dutton, Alvarado, Anchia, Elkins, J. Rodriguez  
0 nays  
2 absent — Leach, Sanford
- WITNESSES:** For — None  
Against — Carlton Schwab, Texas Economic Development Council
- BACKGROUND:** Local Government Code, sec. 501.006, allows an economic development corporation (EDC) to issue bonds to finance certain projects on behalf of the municipality that created it.  
Local Government Code, sec. 501.103, allows local EDCs to fund projects for infrastructure necessary to promote or develop new or expanded business enterprises, limited to:
- streets and roads, rail spurs, water and sewer utilities, electric utilities, or gas utilities, drainage, site improvements, and related improvements;
  - telecommunications and internet improvements; or
  - beach remediation along the Gulf of Mexico.
- DIGEST:** HB 1966 would allow the EDC authorized by the municipality described in the bill (Port Arthur) to fund projects for infrastructure improvements necessary to develop and revitalize areas in the municipality, including:
- streets and roads, rail spurs, water and sewer utilities, electric utilities, gas utilities, drainage, site improvements, and related improvements;
  - telecommunications, data, or Internet improvements; and
  - facilities designed to remediate, mitigate, or control erosion, including coastal erosion along the Gulf of Mexico or the Gulf

Intracoastal Waterway.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2013.

**SUPPORTERS  
SAY:**

HB 1966 would broaden the ability of the Port Arthur EDC to fund specific projects to boost economic development if those specific projects needed infrastructure work. Under current law, the Port Arthur EDC is not allowed to use its funds for general infrastructure projects. The bill would enable the Port Arthur EDC to use the funds it already has to finance specific infrastructure projects.

The bill would not create a slippery slope because every expansion of the economic development laws would need legislative approval. If a proposed expansion were inappropriate, the Legislature could reject it.

HB 1966 would not require the Port Arthur EDC to fund infrastructure improvements. It only would grant it flexibility to do so where the economic return made sense.

**OPPONENTS  
SAY:**

HB 1966 is not needed. The Port Arthur EDC already may fund infrastructure improvements under current law.

It would be inappropriate to create specific carve outs in economic development law because it would place some Texas localities on unequal footing with others. It is better to have robust, generally applicable economic development laws that allow all of Texas to better compete globally and with other states.