

SUBJECT: Allowing certain border county EDCs to use tax revenue for skills training

COMMITTEE: Economic and Small Business Development — favorable, without amendment

VOTE: 8 ayes — Button, Bailes, Deshotel, Hinojosa, Leach, Metcalf, Ortega, Villalba

0 nays

1 absent — Vo

SENATE VOTE: On final passage, April 19 — 28-3 (Burton, Hall, V. Taylor)

WITNESSES: No public hearing

BACKGROUND: Local Government Code, sec. 501.163 allows certain economic development corporations (EDCs) to use tax revenue received from development projects to provide job training skills and job-related life skills to enable an unemployed individual to obtain employment. To use tax revenue for this purpose, an EDC must have been authorized by a municipality that:

- has a population of at least 10,000;
- is located in a county bordering the Gulf of Mexico or Gulf Intracoastal Waterway; and
- has an unemployment rate that averaged at least 2 percent above the state average for the past two years, or is included a metropolitan statistical area with such an unemployment rate.

DIGEST: SB 1748 would amend the requirements of Local Government Code, sec. 501.163 to apply to an economic development corporation authorized by a municipality that met existing population and unemployment qualifications and was located in a county that:

- bordered either the Gulf of Mexico or the Gulf Intracoastal Waterway; or
- bordered Mexico and contained four municipalities with a population of at least 70,000 (Hidalgo).

The 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, 2017.

**SUPPORTERS
SAY:**

SB 1748 would reduce unemployment and increase Texas' pool of skilled laborers by allowing for additional economic development corporations (EDCs) to use tax revenues for skills training programs. The bill would amend current law to include EDCs created by municipalities in the Rio Grande Valley county of Hidalgo. The bill would help enable workers in municipalities, including McAllen, Edinburg, and Mission, become more productive and boost economic growth in Hidalgo County.

The bill would allow certain EDCs more flexibility while remaining consistent with EDC's purpose of economic development. Training and retaining a skilled workforce is a crucial element of economic development, and EDCs should be able to reinvest tax revenues from their projects in programs that will bolster economic development.

**OPPONENTS
SAY:**

SB 1748 would expand an inappropriate function of government. The state should not be in the business of subsidizing workforce training with taxpayer dollars. Allowing more EDCs to use tax revenues for this purpose leaves less money to provide essential public services.