

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 655
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Veterans Affairs
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Committee Report (Substituted)

DIGEST

The Development Corporation Act of 1979 (DCA) requires state approval of local actions of a non-profit corporation which can result in substantial administrative expenses and delays regarding a non-profit corporation's efforts to save and expand job opportunities and engage in economic development in an area threatened by defense base closures. In addition, confusion surrounds issues concerning authority to borrow money and board membership under DCA. C.S.S.B. 655 creates a defense base development authority, effectively clarifying the legal powers related to DCA.

PURPOSE

As proposed, C.S.S.B. 655 creates a defense base development authority, and grants rulemaking authority for the establishment and administration of the authority.

RULEMAKING AUTHORITY

Rulemaking authority is granted to a defense base development authority in SECTION 1 (Section 378.004(a), Local Government Code) and to the board of directors of the authority in SECTION 1 (Sections 378.007(d) and (f), Local Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 12A, Local Government Code, by adding Chapter 378, as follows:

CHAPTER 378. DEFENSE BASE DEVELOPMENT AUTHORITIES

Sec. 378.001. DEFINITIONS. Defines "authority," "base property," "board," "bond," and "defense base."

Sec. 378.002. ESTABLISHMENT; SUCCESSOR. Authorizes a municipality to establish, by resolution, an authority. Requires the resolution to include a legal description of the base property. Sets forth provisions of the base property. Authorizes the municipality to designate the successor in interest to a certain nonprofit corporation. Sets forth provisions for dissolution and succession of the corporation and authority.

Sec. 378.003. PURPOSE AND NATURE OF AUTHORITY. Provides that an authority is created to have dealings with a lease from the United States or any other person, and engage in certain economic development activities. Provides that an authority exercises public and essential governmental functions.

Sec. 378.004. POWERS AND DUTIES OF AUTHORITY. Authorizes an authority to exercise certain powers to carry out purposes of this chapter, and sets forth the powers. Requires an authority to take certain actions, including establishing a registered office, and endeavoring to pay its debts.

Sec. 378.005. SUITS; INDEMNITY. Authorizes an authority to sue and provides that it may be sued. Authorizes process to be served on certain entities in a suit against an authority. Prohibits an authority from being required to give a bond in a case that involves the authority. Authorizes an authority to indemnify certain individuals for necessary expenses incurred by that individual in connection with a claim against that individual, under certain conditions.

Sec. 378.006. UTILITIES. Authorizes an authority to accept certain utilities, but prohibits the authority from their operation. Requires an authority to convey certain utilities to the municipality which established the authority. Requires the municipality to pay the fair market value for the conveyed utility. Authorizes the municipality to convey the utility to an entity if certain laws prohibit operation or ownership of the utility by the municipality. Authorizes the municipality to charge fair market value for the utility conveyance.

Sec. 378.007. BOARD OF DIRECTORS. Provides that the board consists of 11 members who are charged with the responsibility of managing, operating, and controlling the authority. Requires the authority establishing the municipality to appoint board members to a maximum two year term, and sets forth provisions for a board vacancy, and removal of a board member. Requires and authorizes board members to elect certain officials, and authorizes the board, by rule, to provide for the election of other officers. Provides that board members may be reimbursed for official expenses. Requires the board to adopt rules and authorizes it to hire persons for the execution of the authority's duties.

Sec. 378.008. POWERS AND DUTIES OF BOARD. Sets forth board requirements relating to a defense base. Sets forth board requirements relating to base property and adjacent areas.

Sec. 378.009. REDEVELOPMENT PROJECTS. Authorizes the board to designate a certain project as a redevelopment project, and clarifies that such a project is for a public purpose.

Sec. 378.010. BONDS. Authorizes an authority to issue bonds under certain conditions. Sets forth requirements of the bond.

Sec. 378.011. TAX EXEMPTIONS. Provides that certain possessions belonging to an authority are exempt from state or political subdivision taxes. Provides that Section 25.07(a), Tax Code, does not apply to a leasehold or other possessory interest granted by an authority for a redevelopment project.

Sec. 378.012. DISSOLUTION. Authorizes the entity which established the authority, to dissolve the authority after certain conditions have been satisfied. Provides that property remaining after such a dissolution is conveyed to the municipality.

SECTION 2. (a) Describes a “defense base development corporation.”

(b) Provides that certain actions of a defense base development corporation are validated and confirmed upon certain dates.

(c) Sets forth certain actions to which this section does not apply.

SECTION 3. Emergency clause.

Effective date: upon passage.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Section 378.003, Local Government Code, to add text regarding acceptance of a title to certain property.

Amends Section 378.005, Local Government Code, to change the heading and add text regarding an authority's authority to indemnify certain individuals.

Amends Section 378.007, Local Government Code, to provide that the board of directors consists of 11, rather than 12, members.

SECTION 2.

Makes a nonsubstantive change.