

VERNON'S TEXAS CIVIL STATUTES

TITLE 83. LABOR

CHAPTER 10. ECONOMIC DEVELOPMENT

Art. 5190.6. Development Corporation Act of 1979

Short title

Sec. 1. This Act may be cited as the "Development Corporation Act of 1979."

Definitions

Sec. 2. Wherever used in this Act unless a different meaning clearly appears in the context, the following terms, whether singular or plural, shall mean as follows:

(1) "Board of directors" shall mean the board of directors of any corporation organized pursuant to the provisions of this Act.

(2) "Department" shall mean the Texas Department of Commerce.

(3) "Corporation" shall mean any industrial development corporation organized pursuant to the provisions of this Act.

(4) "Cost" as applied to a project shall mean and embrace the cost of acquisition, cleanup, construction, reconstruction, improvement, and expansion, including the cost of the acquisition of all land, rights-of-way, property rights, easements, and interests, the cost of all machinery and equipment, financing charges, inventory, raw materials and other supplies, research and development costs, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, cleaning, constructing, reconstructing, improving, and expanding any such project, administrative expense and such other expense as may be necessary or incident to the acquisition, cleanup, construction, reconstruction, improvement, and expansion thereof, the placing of the same in operation, and the financing or refinancing of any such project, including the refunding of any outstanding obligations, mortgages, or advances issued, made or given by any person for any of the aforementioned costs.

(5) "City" shall mean any municipality of the state incorporated

under the provisions of (i) any general or special law or (ii) the home-rule amendment to the constitution.

(6) "County" shall mean a county of this state.

(7) "County alliance" means two or more counties that jointly authorize the creation of a corporation under this Act.

(8) "District" shall mean a conservation and reclamation district established under authority of Article XVI, Section 59, of the Texas Constitution.

(9) "Governing body" shall mean the board, council, commission, commissioners court, or legislative body of the unit.

(10) "Industrial development corporation" shall mean a corporation created and existing under the provisions of this Act as a constituted authority for the purpose of financing one or more projects.

(11)(A) "Project" shall mean the land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements (one or more) that are for the creation or retention of primary jobs and that are found by the board of directors to be required or suitable for the development, retention, or expansion of manufacturing and industrial facilities, research and development facilities, transportation facilities (including but not limited to airports, ports, mass commuting facilities, and parking facilities), sewage or solid waste disposal facilities, recycling facilities, air or water pollution control facilities, facilities for the furnishing of water to the general public, distribution centers, small warehouse facilities capable of serving as decentralized storage and distribution centers, primary job training facilities for use by institutions of higher education, and regional or national corporate headquarters facilities.

"Project" also includes job training required or suitable for the promotion of development and expansion of business enterprises and other enterprises described by this Act, as provided by Section 38 of this Act.

"Project" also includes expenditures found by the board of directors to be required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises limited

to streets and roads, rail spurs, water and electric utilities, gas utilities, drainage and related improvements, and telecommunications and Internet improvements.

(B), (C) Repealed by Acts 2003, 78th Leg., ch. 1132, Sec. 13.

"Federally assisted new communities" shall mean those federally assisted areas which have received or will receive assistance in the form of loan guarantees under Title X of the National Housing Act and a portion of the federally assisted area has received grants under Section 107(a)(1) of the Housing and Community Development Act of 1974, as amended.

(12) "Resolution" shall mean the resolution, order, ordinance, or other official action by the governing body of a unit.

(13) "Unit" shall mean a city, county, or district which may create and utilize a corporation.

(14) "Bonds" includes bonds, notes, and other evidences of indebtedness.

Text of subsec. (15) as added by Acts 1999, 76th Leg., ch. 296, Sec.

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(15) "Institution of higher education" has the meaning assigned by Section 61.003, Education Code.

Text of subsec. (15) as added by Acts 1999, 76th Leg., ch. 973, Sec.

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(15) "User" means an individual, partnership, corporation, or any other private entity, whether organized for profit or not for profit, or a city, county, district, or any other political subdivision, public entity, or agency of the state or federal government.

(17) "Primary job" means a job that is:

(A) available at a company for which a majority of the products or services of that company are ultimately exported to regional, statewide, national, or international markets infusing new dollars into the local economy; and

(B) included in one of the following sectors of the North American Industry Classification System (NAICS):

NAICS Sector #	Description
111	Crop Production
112	Animal Production

113	Forestry and Logging
11411	Commercial Fishing
115	Support Activities for Agriculture and Forestry
211-213	Mining
221	Utilities
311-339	Manufacturing
42	Wholesale Trade
48-49	Transportation and Warehousing
51 (excluding 512131 and 512132)	Information (excluding movie theaters and drive-in theaters)
523-525	Securities, Commodity Contracts, and Other Financial Investments and Related Activities; Insurance Carriers and Related Activities; Funds, Trusts, and Other Financial Vehicles
5413, 5415, 5416, 5417, and 5419	Scientific Research and Development Services
551	Management of Companies and Enterprises
922140	Correctional Institutions

(18) "Corporate headquarters facilities" means buildings proposed for construction or occupancy as the principal office for a business enterprise's administrative and management services.

Sec. 2(2), (4), (10) amended by Acts 1987, 70th Leg., ch. 374, Sec. 6(b), eff. Sept. 1, 1987; Sec. 2(14) added by Acts 1987, 70th Leg., ch. 374, Sec. 6(c), eff. Sept. 1, 1987; Sec. 2(10) amended by Acts 1993, 73rd Leg., ch. 899, Sec. 1.06, eff. Aug. 30, 1993; Sec. 2(14) amended by Acts 1993, 73rd Leg., ch. 1022, Sec. 1, eff. Sept. 1, 1993; Sec. 2(10) amended by Acts 1995, 74th Leg., ch. 985, Sec. 15, eff. Sept. 1, 1995; Sec. 2(10) amended by Acts 1997, 75th Leg., ch. 353, Sec. 1, eff. Sept. 1, 1997; Sec. 2(7) to (9) amended by Acts 1999, 76th Leg., ch. 973, Sec. 1, eff. June 18, 1999; Sec. 2(10) amended by Acts 1999, 76th Leg., ch. 296, Sec. 2, eff. May 29, 1999; amended by Acts 1999, 76th Leg., ch. 865, Sec. 1, eff. Aug. 30, 1999; amended by Acts 1999, 76th Leg., ch. 973, Sec. 1, eff. June

18, 1999; amended by Acts 1999, 76th Leg., ch. 1458, Sec. 1, eff. Sept. 1, 1999; Sec. 2(11) to (14) amended by Acts 1999, 76th Leg., ch. 973, Sec. 1, eff. June 18, 1999; Sec. 2(15) added by Acts 1999, 76th Leg., ch. 296, Sec. 2, eff. May 29, 1999; added by Acts 1999, 76th Leg., ch. 973, Sec. 1, eff. June 18, 1999; Sec. 2(4) amended by Acts 2001, 77th Leg., ch. 483, Sec. 1, eff. Sept. 1, 2001; Sec. 2(11)(A) amended by Acts 2001, 77th Leg., ch. 850, Sec. 1, eff. June 14, 2001; Sec. 2(11)(A) amended by Acts 2003, 78th Leg., ch. 1132, Sec. 1, eff. June 20, 2003; Sec. 2(11)(B), (C) repealed by Acts 2003, 78th Leg., ch. 1132, Sec. 13, eff. June 20, 2003; Sec. 2(17), (18) added by Acts 2003, 78th Leg., ch. 1132, Sec. 2, eff. June 20, 2003.

Findings and Construction

Sec. 3. (a) It is hereby found, determined, and declared:

(1) that 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 and the promotion and development of job training:

Text of subsec. (a)(2) as amended by Acts 1999, 76th Leg., ch. 296,

Sec. 3

(2) that the existence, development, and expansion of business, commerce, industry, and higher education are essential to the economic growth of the state and to the full employment, welfare, and prosperity of its citizens;

Text of subsec. (a)(2) as amended by Acts 1999, 76th Leg., ch. 865,

Sec. 2

(2) that the existence, development, and expansion of business, commerce, industry, and job training are essential to the economic growth of the state and to the full employment, welfare, and prosperity of its citizens;

(3) that the assistance provided by industrial development corporations in promoting higher education opportunities will encourage and foster the development and diversification of the economy of the state and the elimination of unemployment and underemployment in the state;

(4) that the means and measures authorized by this Act and the assistance provided in this Act, especially with respect to

financing, are in the public interest and serve a public purpose of the state in promoting the welfare of the citizens of the state economically by the securing and retaining of business enterprises and the resulting maintenance of a higher level of employment, economic activity, and stability;

(5) that community industrial development corporations in Texas have themselves invested substantial funds in successful industrial development projects and have experienced difficulty in undertaking such additional projects by reason of the partial inadequacy of their own funds or funds potentially available from local subscription sources and by reason of limitations of local financial institutions in providing additional and sufficiently sizable first mortgage loans; and

(6) that communities in this state are at a critical disadvantage in competing with communities in other states for the location or expansion of such enterprises by virtue of the availability and prevalent use in all other states of financing and other special incentives; therefore, the issuance of revenue bonds by corporations on behalf of political subdivisions of the state as hereinafter provided for the promotion and development of new and expanded business enterprises to provide and encourage employment and the public welfare is hereby declared to be in the public interest and a public purpose.

(b) This Act shall be construed in conformity with the intention of the legislature herein expressed.

Sec. 3 amended by Acts 1987, 70th Leg., ch. 374, Sec. 6(d), eff. Sept. 1, 1987; amended by Acts 1999, 76th Leg., ch. 296, Sec. 3, eff. May 29, 1999; amended by Acts 1999, 76th Leg., ch. 865, Sec. 2, eff. Aug. 30, 1999; Sec. 3(b) amended by Acts 2003, 78th Leg., ch. 1132, Sec. 3, eff. June 20, 2003.

Creation of Corporation; Texas Small Business Industrial
Development Corporation

Sec. 4. (a) Any number of natural persons, not less than three, each of whom is at least 18 years of age and a qualified elector of the unit may file with the governing body of a unit a written application requesting that the unit authorize and approve creation of a corporation to act on behalf of the unit. The governing body of

the unit may not charge a filing fee for the application. If the governing body by appropriate resolution finds and determines that it is advisable that the corporation be authorized and created and approves the articles of incorporation proposed to be used in organizing the corporation, then the articles of incorporation for the corporation may be filed as hereinafter provided. A unit may authorize and approve creation of one or more corporations, provided that the resolution approving the creation of each corporation shall specify the public purpose or purposes of the unit which the corporation may further on behalf of the unit, which purpose or purposes shall be limited to the promotion and development of industrial and manufacturing enterprises to promote and encourage employment and the public welfare. No corporation may be formed unless the unit has properly adopted a resolution as herein described.

(b) There is hereby created the Texas Small Business Industrial Development Corporation which shall act on behalf of the state to carry out the public purposes of this Act. The Texas Small Business Industrial Development Corporation shall be considered to be a corporation within the meaning of this Act, shall be organized and governed in accordance with the provisions of this Act, and shall have all of the powers, and shall be subject to all of the limitations, provided for corporations by this Act, except as otherwise provided by this section. For purposes of this Act, the state shall be considered to be the unit under whose auspices the Texas Small Business Industrial Development Corporation is created. To the extent that the provisions of this section are inconsistent with other provisions of this Act, the provisions of this section shall control as to the existence, powers, limitations, organization, administration, operation, and affairs of the Texas Small Business Industrial Development Corporation.

(c) All bonds issued and delivered by the Texas Small Business Industrial Development Corporation before September 1, 1987, and all proceedings authorizing those bonds are validated, ratified, confirmed, and approved in all respects, and they are incontestable.

(d) The governor shall appoint the board of directors of the Texas

Small Business Industrial Development Corporation. The governor or the governor's designee and the executive director of the Texas Economic Development and Tourism Office serve as nonvoting ex officio members of the board.

(e) A director, officer, employee, or member of the department acting on behalf of the Texas Small Business Industrial Development Corporation is not personally liable for damage, loss, or injury resulting from the performance of the person's duties under this Act or on any contract, commitment, or agreement executed on behalf of the Texas Small Business Industrial Development Corporation under this Act.

(f) All programs and expenditures of the Texas Small Business Industrial Development Corporation must be approved on behalf of the state by the Texas Economic Development Bank. Expenses incurred by the Texas Small Business Industrial Development Corporation in the operation and administration of its programs and affairs, including expenditures for employees and program assistance or development, shall be paid out of fees collected or revenues generated under this Act.

(g) The revenues and funds of the Texas Small Business Industrial Development Corporation shall be deposited with one or more financial institutions chosen for that purpose by the board of directors. Funds of the Texas Small Business Industrial Development Corporation may not be used or made available for use by the Texas Economic Development Bank except to reimburse the bank for expenses it incurs in its official capacity on behalf of the Texas Small Business Industrial Development Corporation.

(h) In addition to the powers provided for corporations by this Act, the Texas Small Business Industrial Development Corporation may:

(A) make loans through the purchase of or participation in, and pledge, hypothecate, negotiate, and sell, bonds, notes, and other evidences of indebtedness incurred by users to finance projects that represent a direct loan, grant, or loan participation, or the repayment of which is totally or partially insured or otherwise guaranteed, by the United States of America, by the state, or by any agency, department, or instrumentality of either; and

(B) otherwise provide financing for users, either directly or

indirectly, in the manner that the Texas Small Business Industrial Development Corporation determines to be necessary or convenient for the performance of its public purposes, functions, and duties under this Act.

(i) Notwithstanding any other provision of this Act, "project" includes any use of amounts financed through the purchase by the Texas Small Business Industrial Development Corporation of bonds, notes, or other evidences of indebtedness of users under this subsection if the uses are found by the board of directors of the Texas Small Business Industrial Development Corporation to be required or suitable for the promotion of economic development in the state. Those findings may be based solely on a review by the board of directors of the Texas Small Business Industrial Development Corporation of the criteria used to determine eligibility of a user for obtaining a direct loan, grant, loan participation, insurance, or any other guarantee from the United States of America, the state, or any agency or instrumentality of either. Proceeds of bonds issued before September 1, 1987, may be used to pay all or part of the costs of a project regardless of whether the costs or project were within the definition of those terms under the Texas Department of Commerce Act before that date, or for any other purposes authorized by this Act.

(j) The Texas Small Business Industrial Development Corporation may not issue bonds for any purpose after September 1, 1987.

Sec. 4(b) amended by Acts 1987, 70th Leg., ch. 374, Sec. 6(e), eff. Sept. 1, 1987; Sec. 4(c) to (j) added by Acts 1987, 70th Leg., ch. 374, Sec. 6(f), eff. Sept. 1, 1987; Sec. 4(b), (d), (f), (g) amended by Acts 2003, 78th Leg., ch. 814, Sec. 3.62, eff. Sept. 1, 2003.

Cities located in counties with population of 500,000 or fewer or
with population of fewer than 50,000 in certain cases

Sec. 4A. (a) This section applies only to a city:

(1) located in a county with a population of 500,000 or fewer; or

(2) with a population of fewer than 50,000 that:

(A) is located in two or more counties, one of which has a population of 500,000 or greater;

(B) is located within the territorial limits but has not elected to

become a part of a metropolitan rapid transit authority that has a principal city with a population of less than 1.9 million with such authority being created before January 1, 1980, under Chapter 141, Acts of the 63rd Legislature, Regular Session, 1973 (Article 1118x, Vernon's Texas Civil Statutes); or

(C) is located within the territorial limits but has not elected to become a part of a metropolitan rapid transit authority that has a principal city with a population of more than 750,000 with such authority being created under Chapter 683, Acts of the 66th Legislature, Regular Session, 1979 (Article 1118y, Vernon's Texas Civil Statutes).

(b)(1) A city may create a corporation under this Act governed by this section. The corporation has the powers and is subject to the limitations of a corporation created under other provisions of this Act. To the extent of a conflict between this section and another provision of this Act, this section prevails. The articles of incorporation of a corporation under this section must state that the corporation is governed by this section. A city may not create more than one corporation governed by this section. A corporation created under this section may spend no more than 10 percent of the corporate revenues for promotional purposes and may contract with other existing private corporations to carry out industrial development programs or objectives or to assist with the development or operation of an economic development program or objective consistent with the purposes and duties as set out in this Act.

(2) Notwithstanding Subdivision (1), a corporation created under this section may spend no more than 25 percent of the corporate revenues for promotional purposes if the corporation was created by a city:

(i) the municipal limits of which include two counties;

(ii) that has less than 24,250 population according to the 1990 federal census; and

(iii) any part of which is located within ten miles of a federal military reservation.

(c) The board of directors of a corporation under this section consists of five directors who are appointed by the governing body

of the city and who serve at the pleasure of the governing body. A majority of the entire membership of the board constitutes a quorum. The board shall conduct each of its meetings within the boundaries of the city. The board shall appoint a president, a secretary, and other officers of the corporation that the governing body of the city considers necessary. The corporation's registered agent must be an individual resident of the state and the corporation's registered office must be within the boundaries of the city.

(c-1) The costs of a publicly owned and operated project that is purchased or constructed under this section include the maintenance and operating costs of the project. The proceeds of taxes imposed under this section may be used to pay the maintenance and operating costs of a project, unless not later than the 60th day after the date notice of this specific use of the tax proceeds is first published, the governing body of the city receives a petition from more than 10 percent of the registered voters of the city requesting that an election be held before the tax proceeds may be used to pay the maintenance and operating costs of a project.

(d) The city may levy a sales and use tax for the benefit of a corporation under this section if the tax is authorized by a majority of the qualified voters of the city voting at an election called and held for that purpose. If the city adopts the tax, there is imposed a tax on the receipts from the sale at retail of taxable items within the city at the rate approved by the voters. The rate must be equal to one-eighth, one-fourth, three-eighths, or one-half of one percent. The city may not adopt a rate that would result in a combined rate of all sales and use taxes, including the tax under this section, imposed by the city and other political subdivisions of this state having territory in the city that exceeds two percent. An election adopting a rate that exceeds the limit on the combined rate has no effect. There is also imposed an excise tax on the use, storage, or other consumption within the city of taxable items purchased, leased, or rented from a retailer during the period that the tax is effective within the city. The rate of the excise tax is the same as the rate of the sales tax portion of the tax and is applied to the sales price of the taxable items.

(e) The Municipal Sales and Use Tax Act (Chapter 321, Tax Code) governs an election to authorize the imposition of the sales and use tax under this section and governs the imposition, computation, administration, governance, abolition, and use of the tax except as inconsistent with this section. The tax imposed under this section takes effect as provided by Section 321.102(a), Tax Code.

(f) On receipt of the proceeds of the sales and use tax imposed under this section from the comptroller, the city shall deliver the proceeds to the corporation to use in carrying out its functions. Tax proceeds may be used to pay the principal of, interest on, and other costs relating to the corporation's bonds, but neither the bonds nor any instrument related to the bonds may give a bondholder a right to demand payment from tax proceeds in excess of those collected from the tax imposed by this section. Tax proceeds may also be used to pay expenses incurred by the corporation under Section 38 of this Act relating to job training.

(g) The corporation may not exercise the power of eminent domain except by action of the governing body of the city that created the corporation.

(h) Section 24 of this Act does not apply to a corporation under this section.

(i) Except as provided by this subsection, the corporation may not undertake a project the primary purpose of which is to provide transportation facilities, solid waste disposal facilities, sewage facilities, facilities for furnishing water to the general public, or air or water pollution control facilities. However, the corporation may provide those facilities to benefit property acquired for a project having another primary purpose. The corporation may undertake a project the primary purpose of which is to provide:

(1) a general aviation business service airport that is an integral part of an industrial park; or

(2) port-related facilities to support waterborne commerce.

(j) The corporation, a director of the corporation, the city creating the corporation, a member of the governing body of the city, or an employee of the corporation or city is not liable for damages arising from the performance of a governmental function of

the corporation or city. For the purposes of the Texas Tort Claims Act (Subchapter A, Chapter 101, Civil Practice and Remedies Code), the corporation is a governmental unit and its actions are governmental functions.

(k) On petition of 10 percent or more of the registered voters of the city requesting an election on the dissolution of the corporation, the governing body shall order an election on the issue at the next available uniform election date that is not less than 45 days after the date that the petition is filed. The election must be conducted according to the applicable provisions of the Election Code. The ballot for the election shall be printed to provide for voting for or against the proposition: "Dissolution of the _____ (name of the corporation)." If a majority of voters voting on the issue approve the dissolution, the corporation shall continue operations only as necessary to pay the principal of and interest on its bonds and to meet obligations incurred before the date of the election and, to the extent practicable, shall dispose of its assets and apply the proceeds to satisfy those obligations. When the last of the obligations is satisfied, any remaining assets of the corporation shall be transferred to the city, and the corporation is dissolved. A tax imposed under this section may not be collected after the last day of the first calendar quarter beginning after notification to the comptroller by the corporation that the last of its obligations is satisfied.

(l) On approval of the governing body of each unit and corporation involved, a corporation created under this Act that is not created under this section may transfer all of its assets to a corporation governed by this section and dissolve as provided by this Act.

(m) In an election to adopt the tax under this section, the ballot shall be printed to provide for voting for or against the proposition: "The adoption of a sales and use tax for the promotion and development of new and expanded business enterprises at the rate of _____ of one percent" (one-eighth, one-fourth, three-eighths, or one-half to be inserted as appropriate).

(n) At an election called and held under Subsection (d) or (o) of this section, the city may also allow the voters to vote on a ballot proposition that limits the length of time that a sales and use tax

may be imposed. If a city elects to limit the period the sales and use tax may be imposed, there shall be added to the end of the ballot proposition prescribed by Subsection (m) of this section: "to be imposed for _____ years" (the number of years to be inserted as appropriate). The governing body of the city shall set the expiration date of the proposed tax to occur on the appropriate anniversary of the effective date of the tax. A sales and use tax imposed for a limited period under this subsection expires on the date set by the governing body under this section or on an earlier date if, by a majority of the voters voting in an election held in the city, the tax is repealed. If an earlier abolition election is held, Sections 321.102(a) and 321.402(b), Tax Code, apply to the date of repeal. A tax that is approved without a limit on its period of imposition is effective until repealed by election. Before the 60th day before the date that a tax is to expire, the governing body shall send a notice to the comptroller stating the expiration date of the tax. Revenue collected after the expiration of the tax from the imposition of the tax after its expiration date shall be forwarded by the state to the governing body to be used to pay current bonded indebtedness of the municipality. A municipality that has imposed a tax under this section may not extend the period of the tax's imposition or reimpose the tax unless the extension or reimposition is authorized by a majority of the qualified voters of the municipality voting in an election called and held for that purpose. If a city reduces the rate of an additional sales and use tax under Chapter 321, Tax Code, to impose a tax under this section for a limited period as provided under this subsection, and does not have an election to change the rate of the additional sales and use tax before the expiration date of the tax under this section, the rate of the additional sales and use tax under Section 321.101(b), Tax Code, in the city returns to its previous rate in effect at the time the tax imposed under this section was adopted on the expiration date of the tax under this section without having to hold an election under Chapter 321, Tax Code, to impose the increase in the rate.

(o) In a city in which a sales and use tax for the benefit of a corporation has been imposed under this section, in the same manner

and by the same procedure the city by majority vote of the qualified voters of the city voting at an election called and held for the purpose may reduce or increase the tax. The rate may be reduced in one or more increments of one-eighth of one percent to a minimum of one-eighth of one percent or increased in one or more increments of one-eighth of one percent to a maximum of one-half of one percent. On petition of 10 percent or more of the registered voters of the city requesting an election on the increase or decrease of the tax under this section, the governing body of the city shall order an election on the issue. The ballot shall be printed in the same manner as the ballot under Subsection (m) of this section.

(o-1) Notwithstanding Subsection (a), this subsection applies only to a city that is located within the territorial limits of a regional transportation authority and has been added to the territory of the authority under Section 452.6025, Transportation Code. Notwithstanding any other provision of this section, a tax imposed by the city under this section is subject to reduction in the manner prescribed by Section 452.6025, Transportation Code.

(p) A city that is authorized by this section to impose, reduce, increase, or abolish the tax under this section may, at the same time and on the same ballot, impose, reduce, increase, or abolish the additional sales and use tax imposed under Section 321.101(b), Tax Code, if the city is authorized by Chapter 321, Tax Code, to impose, reduce, increase, or abolish the additional sales and use tax. The city must follow, in relation to the imposition, reduction, increase, or abolishment of the additional sales and use tax imposed under Section 321.101(b), Tax Code, the procedures of that chapter, except that in an election to impose, reduce, increase, or abolish the tax under this section and the additional sales and use tax the ballot shall be printed to provide for voting for or against the proposition: "The adoption of a sales and use tax within the city for the promotion and development of new and expanded business enterprises at the rate of _____ of one percent (one-eighth, one-fourth, three-eighths, or one-half to be inserted as appropriate) and the adoption of an additional sales and use tax within the city at the rate of _____ of one percent to be used to reduce the property tax rate" (one-eighth,

one-fourth, three-eighths, or one-half to be inserted as appropriate).

(q) A corporation under this section may not assume a debt or make any expenditure to pay principal or interest on a debt if the debt existed before the date the city created the corporation.

(r) At an election called or held under Subsection (d) or (o) of this section, the city may also allow the voters to vote on a ballot proposition that limits the use of the sales and use tax to a specific project. If a city elects to limit the use to a specific project, in the ballot proposition prescribed by Subsection (m) or (p) a description of the project shall be substituted in place of the words "new and expanded business enterprises." When the last of its obligations for the specific project have been satisfied, the corporation shall send a notice to the comptroller stating that the sales and use tax imposed for the specific project may not be collected after the last day of the first calendar quarter beginning after the date of notification. A sales and use tax imposed for a specific project under this subsection may not be collected after the last day of the first calendar quarter beginning after the date of the notification to the comptroller. Revenue collected after the obligations for the specific project have been satisfied shall be forwarded by the state to the governing body to be used to pay current bonded indebtedness of the municipality. A corporation that has been created to perform a specific project under this subsection may retain its corporate existence and perform other projects as may be approved by the voters of the city under an election called and held under Subsection (d) or (o) of this section.

(s)(1) A city that creates or has created a corporation governed by this section may submit to the voters of the city, at a separate election to be held on a uniform election date or at an election held under another provision of this Act, including the election at which the proposition to initially authorize the collection of a sales and use tax for the benefit of the corporation is submitted, a ballot proposition that authorizes the corporation to use the sales and use tax, including any amount previously authorized and collected, for a specific project or for a specific category of

projects, including a sports venue and related infrastructure, that does not qualify under this section but qualifies under Section 4B of this Act. Prior approval of a specific project at an election or completion of a specific project approved at an election does not prohibit a city from seeking voter approval of an additional project or category of projects under this subsection to be funded from the same sales and use tax.

(2) In the election to authorize the use of the sales or use tax for a specific project or for a specific category of projects not authorized under this section, including a sports venue and related infrastructure, the project or category of projects must be clearly described on the ballot so that a voter will be able to discern the limits of the specific project or category of projects authorized by the proposition. If maintenance and operating costs of an otherwise authorized facility are to be paid from the sales or use tax, the ballot language must clearly state that fact.

Text of subd. (3) as added by Acts 1997, 75th Leg., ch. 551, Sec. 2

(3) Before an election may be held under this subsection, a public hearing shall be held in the city to inform the residents of the city of the cost and impact of the project or category of projects. At least 30 days before the date set for the hearing, a notice of the date, time, place, and subject of the hearing shall be published in a newspaper with general circulation in the city in which the project is located. The notice shall be published on a weekly basis until the date of the hearing.

Text of subd. (3) as added by Acts 1997, 75th Leg., ch. 958, Sec. 1

(3) Before an election may be held under this subsection, a public hearing shall be held in the city to inform the residents of the city of the cost and impact of the project or category of projects. At least 30 days before the date set for the hearing, a notice of the date, time, place, and subject of the hearing shall be published in a newspaper with general circulation in the city in which the project is located. The notice should be published on a weekly basis until the date of the hearing.

(4) If a majority of the voters voting on the issue do not approve a specific project or a specific category of projects at an election under this subsection, another election may not be held on the same

project or category of projects before the first anniversary of the date of the most recent election disapproving the project or category of projects.

Text of subd. (5) as added by Acts 1997, 75th Leg., ch. 551, Sec. 2

(5) In this subsection:

(A) "Related infrastructure" has the meaning assigned by Section 334.001, Local Government Code.

(B) "Sports venue" means an arena, coliseum, stadium, or other type of area or facility:

(i) that is primarily used or is planned for primary use for one or more professional or amateur sports or athletics events; and

(ii) for which a fee for admission to the sports or athletics events, other than occasional civic, charitable, or promotional events, is charged or is planned to be charged.

Text of subd. (5) as added by Acts 1997, 75th Leg., ch. 958, Sec. 1

(5) Projects undertaken under this subsection are governed by the provisions of this section including the provisions relating to the authorization and expiration of any sales and use tax.

(t) The department, with the assistance of the Texas Commission on Environmental Quality, may encourage the cleanup of contaminated property by corporations created under this section through the use of sales and use tax proceeds. A corporation created under this section may use proceeds from the sales and use tax to undertake the cleanup of contaminated property only if the use of tax proceeds for that purpose is authorized by a majority of the qualified voters of the city voting in an election called and held for that purpose. The ballot in an election held under this subsection shall be printed to provide for voting for or against the proposition: "The use of sales and use tax proceeds for the cleanup of contaminated property."

(u)(1) In this subsection:

(A) "Base taxable value" means the taxable value of property located in the defined area of a project as of January 1 of the year in which the agreement is entered into under this subsection.

(B) "Corresponding taxing unit" means another taxing unit of the same type of political subdivision as a taxing unit that enters into an agreement under this subsection.

(C) "Taxing unit" has the meaning assigned by Section 1.04, Tax Code.

(2) Before entering into an agreement under this subsection, the corporation undertaking the project must designate a defined area that includes the territory where the project is to be located.

(3) A taxing unit may enter into an agreement with a corporation created under this section to invest in a project that is undertaken by the corporation and that is not located in the territory of the taxing unit. A corporation may enter into an agreement under this subsection with more than one taxing unit.

(4) An agreement entered into under this subsection shall state the base taxable value of the property in the defined area of the project.

(5) The agreement may provide that the taxing unit is entitled to receive from the corporation, in exchange for the investment, an amount equal to a specified percentage of the tax revenue from taxes imposed by the corresponding taxing unit that taxes property located in the defined area of the project on the taxable value of the property in the defined area that exceeds the base taxable value, for so long as the corresponding taxing unit imposes taxes on that property.

(6) If a corporation enters into an agreement under this subsection, the corporation shall enter into an agreement with a corresponding taxing unit that taxes property located in the defined area of the project to recover the amount paid by the corporation to a taxing unit as provided by Subdivision (5).

(7) This subsection does not affect a taxing unit's authority to grant a tax abatement.

(8) This subsection does not affect a corporation's authority to invest in a project or recover its total investment by contract under Section 23(a) of this Act.

Sec. 4A added by Acts 1989, 71st Leg., ch. 877, Sec. 2, eff. June 14, 1989. Amended by Acts 1991, 72nd Leg., ch. 184, Sec. 1, eff. May 24, 1991. Sec. 4A(c) amended by Acts 1991, 72nd Leg., ch. 634, Sec. 1, eff. June 16, 1991; Acts 1991, 72nd Leg., ch. 705, Sec. 36, eff. Sept. 1, 1991; Sec. 4A(h) amended by and Sec. 4A(l) added by Acts 1991, 72nd Leg., ch. 634, Sec. 1, eff. June 16, 1991; Sec. 4A(b)

amended by Acts 1993, 73rd Leg., ch. 1001, Sec. 1, eff. Sept. 1, 1993; Sec. 4A(i) amended by Acts 1993, 73rd Leg., ch. 12, Sec. 3, eff. March 25, 1993; amended by Acts 1993, 73rd Leg., ch. 1022, Sec. 2, eff. Sept. 1, 1993; Sec. 4A(k) amended by Acts 1993, 73rd Leg., ch. 1022, Sec. 2, eff. Sept. 1, 1993; Sec. 4A(l) repealed by Acts 1993, 73rd Leg., ch. 1022, Sec. 4, eff. Sept. 1, 1993; Sec. 4A(n) amended by Acts 1993, 73rd Leg., ch. 12, Sec. 5, eff. March 25, 1993; amended by Acts 1993, 73rd Leg., ch. 1022, Sec. 2, eff. Sept. 1, 1993; Sec. 4A(p), amended by Acts 1993, 73rd Leg., ch. 1031, Sec. 11, eff. Sept. 1, 1993; Sec. 4A(q), (r) added by Acts 1993, 73rd Leg., ch. 1022, Sec. 2, eff. Sept. 1, 1993; Sec. 4A(e) amended by Acts 1995, 74th Leg., ch. 1000, Sec. 68, eff. Oct. 1, 1995; Sec. 4A(n) amended by Acts 1997, 75th Leg., ch. 749, Sec. 1, eff. Sept. 1, 1997; Sec. 4A(s) added by Acts 1997, 75th Leg., ch. 551, Sec. 2, eff. Sept. 1, 1997; Sec. 4A(s) added by Acts 1997, 75th Leg., ch. 958, Sec. 1, eff. Sept. 1, 1997; Sec. 4A(c-1) added by Acts 1999, 76th Leg., ch. 1458, Sec. 2, eff. Sept. 1, 1999; Sec. 4A(f) amended by Acts 1999, 76th Leg., ch. 865, Sec. 3, eff. Aug. 30, 1999; Sec. 4A(a) amended by Acts 2001, 77th Leg., ch. 669, Sec. 161, eff. Sept. 1, 2001; Sec. 4A(b)(1) amended by Acts 2001, 77th Leg., ch. 888, Sec. 1, eff. June 14, 2001; Sec. 4A(t) added by Acts 2001, 77th Leg., ch. 483, Sec. 2, eff. Sept. 1, 2001; Sec. 4A(u) added by Acts 2003, 78th Leg., ch. 724, Sec. 1, eff. June 20, 2003; Sec. 4A(o-1) added by Acts 2003, 78th Leg., ch. 915, Sec. 2, eff. June 20, 2003; Sec. 4A(i) amended by Acts 2003, 78th Leg., ch. 1132, Sec. 4, eff. June 20, 2003; Sec. 4A(t) amended by Acts 2003, 78th Leg., ch. 1132, Sec. 5, eff. June 20, 2003.

Corporation in City Located in County With Population of 500,000 or
More, or 400,000 or More; Application of Section 4A

Sec. 4B. (a) In this section:

(1) "Eligible city" means a city:

(A) that is located in a county with a population of 500,000 or more, according to the most recent federal decennial census and in which the combined rate of all sales and use taxes imposed by the city, the state, and other political subdivisions of the state having territory in the city does not exceed 8.25 percent on the date of any election held under or made applicable to this section;

(B) that has a population of 400,000 or more, according to the most recent federal decennial census, and that is located in more than one county, and in which the combined rate of all sales and use taxes imposed by the city, the state, and other political subdivisions of the state having territory in the city, including taxes under this section, does not exceed 8.25 percent; or

(C) to which Section 4A of this Act applies.

(2) "Project" means land, buildings, equipment, facilities, expenditures, and improvements included in the definition of that term under Section 2 of this Act, and includes job training as provided by Section 38 of this Act. For purposes of this section, the term includes recycling facilities, and land, buildings, equipment, facilities, and improvements found by the board of directors to:

(A) be required or suitable for use for professional and amateur (including children's) sports, athletic, entertainment, tourist, convention, and public park purposes and events, including stadiums, ball parks, auditoriums, amphitheaters, concert halls, parks and park facilities, open space improvements, museums, exhibition facilities, and related store, restaurant, concession, and automobile parking facilities, related area transportation facilities, and related roads, streets, and water and sewer facilities, and other related improvements that enhance any of those items;

(B) promote or develop new or expanded business enterprises that create or retain primary jobs, including a project to provide public safety facilities, streets and roads, drainage and related improvements, demolition of existing structures, general municipally owned improvements, as well as any improvements or facilities that are related to any of those projects and any other project that the board in its discretion determines promotes or develops new or expanded business enterprises that create or retain primary jobs;

(C) be required or suitable for the promotion of development and expansion of affordable housing, as defined by 42 U.S.C. Section 12745;

(D) be required or suitable for the development or improvement of

water supply facilities, including dams, transmission lines, well field developments, and other water supply alternatives; or

(E) be required or suitable for the development and institution of water conservation programs, including incentives to install water-saving plumbing fixtures, educational programs, brush control programs, and programs to replace malfunctioning or leaking water lines and other water facilities.

(a-1) A corporation may undertake a project under this section unless within 60 days after first publishing notice of a specific project or type of general project the governing body of the city receives a petition from more than 10 percent of the registered voters of the city where the petition requests that an election be held before that specific project or that general type of project is undertaken. An election is not required to be held after the submission of a petition if the qualified citizens of the city have previously approved the undertaking of a specific project or that general type of project at an election called for that purpose by the governing body of the city or in conjunction with another election required to be held under this section.

(a-2) The costs of a publicly owned and operated project that is purchased or constructed under this section include the maintenance and operating costs of the project, and the proceeds of taxes may be used to pay the maintenance and operating costs of a project, unless within 60 days after first publishing notice of this specific use of the proceeds of the taxes the governing body of the city receives a petition from more than 10 percent of the registered voters of the city where the petition requests that an election be held before the proceeds of taxes imposed under this section may be used to pay the maintenance and operating costs of a project. An election is not required to be held after the submission of a petition if the qualified citizens of the city have previously approved that the costs of a publicly owned and operated project purchased or constructed under this section include the maintenance and operating costs of the project and that the proceeds of taxes may be used to pay the maintenance and operating costs of a project, at an election called for that purpose by the governing body of the city or in conjunction with another election required to be held under

this section. The election in this subsection shall not be required in a municipality located in a county with a population in excess of 1.3 million that has held an election prior to February 1, 1993, under this section and at which election the additional sales tax was approved.

(a-3)(1) A city that creates or has created a corporation governed by this section may submit to the voters of the city, at a separate election to be held on a uniform election date or at an election held under another provision of this Act, including the election at which the proposition to initially authorize the collection of a sales and use tax for the benefit of the corporation is submitted, a ballot proposition that authorizes the corporation to use the sales and use tax, including any amount previously authorized and collected, for a specific sports venue project, including related infrastructure, or for a specific category of sports venue projects, including related infrastructure. Prior approval of a specific sports venue project at an election or completion of a specific sports venue project approved at an election does not prohibit a city from seeking voter approval of an additional project or category of projects under this subsection to be funded from the same sales and use tax that is used to fund the previously approved sports venue project. This subsection does not affect the authority of a municipality to call an election under this section to levy a sales and use tax for any purpose authorized by this section after the sales and use tax described by this subsection is no longer collected as provided by Subsection (i) of this section.

(2) In the election to authorize the use of the sales or use tax for a specific sports venue project or for a specific category of sports venue projects, the project or category of projects must be clearly described on the ballot so that a voter will be able to discern the limits of the specific project or category of projects authorized by the proposition. If maintenance and operating costs of an otherwise authorized facility are to be paid from the sales or use tax, the ballot language must clearly state that fact.

(3) Before an election may be held under this subsection, a public hearing shall be held in the city to inform the residents of the city of the cost and impact of the project or category of projects.

At least 30 days before the date set for the hearing, a notice of the date, time, place, and subject of the hearing shall be published in a newspaper with general circulation in the city in which the project is located. The notice shall be published on a weekly basis until the date of the hearing.

(4) If a majority of the voters voting on the issue do not approve a specific sports venue project or a specific category of sports venue projects at an election under this subsection, another election may not be held on the same project or category of projects before the first anniversary of the date of the most recent election disapproving the project or category of projects.

(a-4) In this section:

(1) "Related infrastructure" has the meaning assigned by Section 334.001, Local Government Code.

(2) "Sports venue" means an arena, coliseum, stadium, or other type of area or facility that is primarily used or is planned for primary use for one or more professional or amateur sports or athletics events and for which a fee for admission to the sports or athletics events, other than occasional civic, charitable, or promotional events, is charged or is planned to be charged. The term does not include an arena, coliseum, stadium, or other type of area or facility that is or will be owned and operated by a state-supported institution of higher education.

(a-5)(1) Notwithstanding any other provision of this section, a corporation created under this section may use proceeds from the sales and use tax to undertake a project described by Subsection (a)(2)(D) or (E) of this section only if the use of tax proceeds for that purpose is authorized by a majority of the qualified voters of the city voting in an election called and held for that purpose. The ballot in an election held under this subsection shall be printed to provide for voting for or against the proposition: "The use of sales and use tax proceeds for infrastructure relating to _____ (insert water supply facilities or water conservation programs, as appropriate)."

(2) An election held under Subdivision (1) of this subsection may be authorized by the governing body of an eligible city subsequent to an earlier election authorized under Subsection (d) of this

section.

(b) An eligible city may create a corporation under this Act governed by this section. The corporation has the powers granted by this section and by other sections of this Act and is subject to the limitations of a corporation created under other provisions of this Act. To the extent of a conflict between this section and another provision of this Act, this section prevails. The articles of incorporation of a corporation under this section must state that the corporation is governed by this section and may include within its name any words and phrases specified by the eligible city. An eligible city may not create more than one corporation governed by this section. A corporation created under this section may spend no more than 10 percent of the corporate revenues for promotional purposes and may contract with another existing private corporation to carry out an industrial development program or objective or to assist with the development or operation of an economic development program or objective consistent with the purposes and duties specified in this Act.

(c) The board of directors of a corporation under this section consists of seven directors who are appointed by the governing body of the eligible city for two-year terms of office. A director may be removed by the governing body of the eligible city at any time without cause. Each director of a corporation created by an eligible city with a population of 20,000 or more must be a resident of the eligible city. Each director of a corporation created by an eligible city with a population of less than 20,000 must be a resident of the eligible city, be a resident of the county in which the major part of the area of the eligible city is located, or reside at a place that is within 10 miles of the eligible city's boundaries and is in a county bordering the county in which the major part of the area of the eligible city is located. Three directors shall be persons who are not employees, officers, or members of the governing body of the eligible city. A majority of the entire membership of the board is a quorum. The board shall conduct all meetings within the boundaries of the eligible city. The board shall appoint a president, a secretary, and other officers of the corporation that the governing body of the eligible

city considers necessary. The corporation's registered agent must be an individual resident of the state and the corporation's registered office must be within the boundaries of the eligible city.

(d) The governing body of an eligible city by ordinance may levy a sales and use tax for the benefit of the corporation under this section if the tax is authorized by a majority of the qualified voters of the eligible city voting at an election called and held for that purpose in accordance with Chapter 321, Tax Code. This election requirement is satisfied and another election is not required if the voters of the eligible city approved the levy and collection of an additional one-half cent sales and use tax at an election held before the effective date of this section under an ordinance calling the election that was published in a newspaper of general circulation within the eligible city at least 14 days in advance of the election and that expressly stated that the election was held in anticipation of the enactment of enabling and implementing legislation without further elections. An election described by this section and held before the effective date of this section is validated as of the date on which the election occurred.

(e) The rate of a tax adopted under this section must be one-eighth, one-fourth, three-eighths, or one-half of one percent. The ballot proposition at the election held to adopt the tax must specify the rate of the tax to be adopted. A corporation that holds an election to reduce or abolish a tax imposed under Section 4A of this Act may in the same or in a separate proposition on the same ballot adopt a tax under this section. If an eligible city adopts the tax, a tax is imposed on the receipts from the sale at retail of taxable items within the eligible city at the rate approved at the election. There is also imposed an excise tax on the use, storage, or other consumption within the eligible city of tangible personal property purchased, leased, or rented from a retailer during the period that the tax is effective within the eligible city. The rate of the excise tax is the same as the rate of the sales tax portion of the tax and is applied to the sale price of the tangible personal property.

(e-1) Notwithstanding any other provision of this section, if a

city dissolves a corporation created under Section 4A of this Act and creates a corporation under this section, a person serving as a director of the corporation created under Section 4A of this Act at the time of dissolution may serve on the board of directors of the corporation created under this section.

(f) Chapter 321, Tax Code, governs the imposition, computation, administration, collection, and remittance of the tax except as inconsistent with this section. The tax imposed under this section takes effect as provided by Section 321.102(a), Tax Code. If, however, an election is held under this section at the same time an election is held to impose or change the rate of the additional municipal sales and use tax, the tax under this section and the imposition or change in rate of the additional municipal sales and use tax take effect as provided by Section 321.102(b), Tax Code. After the effective date of the taxes imposed under this section, the adoption of a sales and use tax or the attempted adoption of a sales and use tax by the eligible city or any other taxing jurisdiction having territory in the city does not impair the taxes imposed under this section.

(g) On receipt of the proceeds of the sales and use tax imposed under this section from the comptroller, the eligible city shall deliver the proceeds to the corporation. Tax proceeds may be used to:

(1) pay the costs of projects of the types added to the definition of that term by Subsection (a) of this section; or

(2) pay the principal of, interest on, and other costs relating to bonds or other obligations issued by the corporation to pay the costs of the projects or to refund bonds or other obligations issued to pay the costs of projects.

(h) Bonds or other obligations having a maturity not longer than 30 years and issued to pay the costs of projects of the types added to the definition of that term by Subsection (a) of this section may be made payable from any source of funds available to the corporation, including the proceeds of a sales and use tax imposed under this section. The bonds or other obligations that by their terms are payable from the tax may not be paid in whole or in part from any property taxes raised or to be raised by the eligible city and are

not a debt of and do not give rise to a claim for payment against the eligible city except as to sales and use tax revenue held by a city and required under this section to be paid over to the corporation.

(i) A sales and use tax imposed under this section may not be collected after the last day of the first calendar quarter occurring after notification to the comptroller by the corporation that all bonds or other obligations of the corporation that are payable in whole or in part from the proceeds of the sales and use tax under this section, including any refunding bonds or other obligations, have been paid in full or the full amount of money, exclusive of guaranteed interest, necessary to pay in full the bonds and other obligations has been set aside in a trust account dedicated to the payment of the bonds and other obligations.

(j) The corporation may exercise the power of eminent domain only on approval of the action by the governing body of the eligible city. The power must be exercised in accordance with and subject to the laws applicable to the eligible city.

(k) The legislature finds for all constitutional and statutory purposes that projects of the types added to the definition of that term by Subsection (a) of this section are owned, used, and held for public purposes for and on behalf of the eligible city incorporating the corporation, and except as otherwise provided by this subsection, Section 23(b) of this Act and Section 25.07(a), Tax Code, are not applicable to leasehold or other possessory interests granted by the corporation during the period projects are owned by the corporation on behalf of the eligible city. Projects are exempt from taxation under Section 11.11, Tax Code, for that period. For a corporation governed by this section in which the voters of the eligible city that created the corporation have not authorized the levy of a sales and use tax for the benefit of the corporation under Subsection (d) of this section, an ownership, leasehold, or other possessory interest of a person other than the corporation in real property constituting a project of the corporation described by this subsection is subject to ad valorem taxation under Section 25.07(a), Tax Code, except that an ownership, leasehold, or other possessory interest of a person other than the corporation in real property described by this

subsection that is created under an agreement entered into by the corporation before September 1, 1999, is covered by the provisions of this subsection governing ad valorem taxation of the ownership, leasehold, or other possessory interest that were in effect on the date on which the agreement was executed.

(l) Section 24 of this Act does not apply to a corporation under this section.

(m) The corporation, a director of the corporation, the eligible city creating the corporation, a member of the governing body of the eligible city, or an employee of the corporation or eligible city is not liable for damages arising from the performance of a governmental function of the corporation or eligible city. For the purposes of Chapter 101, Civil Practice and Remedies Code, the corporation is a governmental unit and its actions are governmental functions.

(n) Before expending funds to undertake a project, a corporation under this section shall hold at least one public hearing on the proposed project.

(n-1) This subsection applies only to a city that is located within the territorial limits of a regional transportation authority that has been added to the territory of the authority under Section 452.6025, Transportation Code. Notwithstanding any other provision of this section, a tax imposed by the city under this section is subject to reduction in the manner prescribed by Section 452.6025, Transportation Code.

(o)(1) The governing body of a city creating a corporation under this section shall order an election on the dissolution of the corporation on receipt of a petition requesting the election that is signed by at least 10 percent of the registered voters of the city. The election must be held on the first available uniform election date that occurs on or after the 45th day after the date the petition is filed with the city.

(2) At the election the ballot shall be printed to permit voting for or against the proposition: "Dissolution of the _____ (name of corporation)."

(3) If a majority of the votes cast are in favor of the dissolution, the corporation shall continue operations only as necessary to meet

obligations the corporation incurred before the date of the election, including paying the principal of and interest on bonds. To the extent practicable, the corporation shall liquidate assets of the corporation and apply the proceeds to satisfy the corporation's obligations. After all of the obligations are satisfied, any remaining assets of the corporation shall be transferred to the city, and the corporation is dissolved. The city shall promptly notify the comptroller and the secretary of state of the date a corporation is dissolved under this subsection.

(4) A tax imposed under this section may not be collected after the last day of the first calendar quarter that begins after the city provides notice under Subdivision (3) of this section.

(5) If less than a majority of the votes cast at the election favor the dissolution, Subdivisions (3) and (4) of this subsection have no effect.

(p) The department, with the assistance of the Texas Commission on Environmental Quality, may encourage the cleanup of contaminated property by corporations created under this section through the use of sales and use tax proceeds. Notwithstanding any other provision of this section, a corporation created under this section may use proceeds from the sales and use tax to undertake the cleanup of contaminated property only if the use of tax proceeds for that purpose is authorized by a majority of the qualified voters of the city voting in an election called and held for that purpose. The ballot in an election held under this subsection shall be printed to provide for voting for or against the proposition: "The use of sales and use tax proceeds for the cleanup of contaminated property."

Sec. 4B added by Acts 1991, 72nd Leg., ch. 11, Sec. 2, eff. March 28, 1991; Sec. 4B(c) amended by Acts 1991, 72nd Leg., ch. 634, Sec. 2, eff. June 16, 1991; Sec. 4B(a) amended by Acts 1993, 73rd Leg., ch. 1022, Sec. 3, eff. Sept. 1, 1993; Sec. 4B(a)(1) amended by Acts 1993, 73rd Leg., ch. 12, Sec. 1, eff. March 25, 1993; Sec. 4B(a)(2) amended by Acts 1993, 73rd Leg., ch. 899, Sec. 1.07, eff. Aug. 30, 1993; Sec. 4B(a-1), (a-2) added by Acts 1993, 73rd Leg., ch. 1022, Sec. 3, eff. Sept. 1, 1993; Sec. 4B(c) amended by Acts 1993, 73rd Leg., ch. 12, Sec. 2, eff. March 25, 1993; Sec. 4B(e) amended by

Acts 1993, 73rd Leg., ch. 1022, Sec. 3, eff. Sept. 1, 1993; amended by Acts 1993, 73rd Leg., ch. 1031, Sec. 12, eff. Sept. 1, 1993; Sec. 4B(f) amended by Acts 1993, 73rd Leg., ch. 12, Sec. 2, eff. March 25, 1993; Sec. 4B(n) added by Acts 1993, 73rd Leg., ch. 1022, Sec. 3, eff. Sept. 1, 1993; Sec. 4B(a)(1) amended by Acts 1995, 74th Leg., ch. 1030, Sec. 1, eff. June 17, 1995; Sec. 4B(a)(1) amended by Acts 1997, 75th Leg., ch. 85, Sec. 1, eff. Sept. 1, 1997; Sec. 4B(a)(2) amended by Acts 1997, 75th Leg., ch. 1237, Sec. 1, eff. June 20, 1997; Sec. 4B(a-3), (a-4) added by Acts 1997, 75th Leg., ch. 551, Sec. 3, eff. Sept. 1, 1997; Sec. 4B(a)(1) amended by Acts 1999, 76th Leg., ch. 1458, Sec. 3, eff. Sept. 1, 1999; Sec. 4B(a)(2) amended by Acts 1999, 76th Leg., ch. 865, Sec. 4, eff. Aug. 30, 1999; Sec. 4B(c) amended by Acts 1999, 76th Leg., ch. 808, Sec. 1, eff. Sept. 1, 1999; Sec. 4B(e) amended by Acts 1999, 76th Leg., ch. 21, Sec. 1, eff. Sept. 1, 1999; amended by Acts 1999, 76th Leg., ch. 1467, Sec. 2.75, eff. Oct. 1, 1999; Sec. 4B(e-1) added by Acts 1999, 76th Leg., ch. 21, Sec. 1, eff. Sept. 1, 1999; Sec. 4B(k) amended by Acts 1999, 76th Leg., ch. 1458, Sec. 4, eff. Sept. 1, 1999; Sec. 4B(o) added by Acts 1999, 76th Leg., ch. 21, Sec. 1, eff. Sept. 1, 1999; Sec. 4B(a)(1) amended by Acts 2001, 77th Leg., ch. 309, Sec. 1, eff. May 23, 2001; Sec. 4B(a)(2) amended by Acts 2001, 77th Leg., ch. 1105, Sec. 1, eff. June 15, 2001; Sec. 4B(a-2) amended by Acts 2001, 77th Leg., ch. 669, Sec. 163, eff. Sept. 1, 2001; Sec. 4B(a-3)(1) amended by Acts 2001, 77th Leg., ch. 1044, Sec. 8, eff. Sept. 1, 2001; Sec. 4B(a-5) added by Acts 2001, 77th Leg., ch. 1105, Sec. 2, eff. June 15, 2001; Sec. 4B(b) amended by Acts 2001, 77th Leg., ch. 888, Sec. 2, eff. June 14, 2001; Sec. 4B(h) amended by Acts 2001, 77th Leg., ch. 1044, Sec. 9, eff. Sept. 1, 2001; Sec. 4B(p) added by Acts 2001, 77th Leg., ch. 483, Sec. 3, eff. Sept. 1, 2001; Sec. 4B(n-1) added by Acts 2003, 78th Leg., ch. 915, Sec. 3, eff. June 20, 2003; Sec. 4B(a)(2) amended by Acts 2003, 78th Leg., ch. 1132, Sec. 6, eff. June 20, 2003; Sec. 4B(a-5) amended by Acts 2003, 78th Leg., ch. 1132, Sec. 7, eff. June 20, 2003; Sec. 4B(c) amended by Acts 2003, 78th Leg., ch. 1132, Sec. 8, eff. June 20, 2003; Sec. 4B(p) amended by Acts 2003, 78th Leg., ch. 1132, Sec. 9, eff. June 20, 2003.

Report to Comptroller

Sec. 4C. (a) Not later than February 1 of each year, the board of directors of a corporation created under Section 4A or 4B of this Act shall submit to the comptroller a report in the form required by the comptroller.

(b) The reporting form shall not exceed one page in length and must include:

(1) a statement of the corporation's primary economic development objectives;

(2) a statement of the corporation's total revenues during the preceding fiscal year;

(3) a statement of the corporation's total expenditures during the preceding fiscal year;

(4) a statement of the corporation's total expenditures during the preceding fiscal year in each of the following categories:

(A) administration;

(B) personnel;

(C) marketing or promotion;

(D) direct business incentives;

(E) job training;

(F) debt service;

(G) capital costs;

(H) affordable housing; and

(I) payments to taxing units, including school districts;

(5) a list of the corporation's capital assets, including land and buildings; and

(6) any other information the comptroller requires to determine the use of the sales and use tax imposed under Section 4A or 4B of this Act to encourage economic development in this state.

(c) If a corporation fails to file a report in accordance with this section or fails to include sufficient information in the report, the comptroller shall provide to the corporation written notice of this failure. The written notice must include information on how to correct the failure.

(d) The comptroller may impose an administrative penalty of \$200 against a corporation that does not correct the failure before the 31st day after the date the corporation receives the written notice under Subsection (c) of this section.