

1-1 By: Birdwell S.B. No. 878  
1-2 (In the Senate - Filed January 22, 2025; February 13, 2025,  
1-3 read first time and referred to Committee on Economic Development;  
1-4 March 26, 2025, reported favorably by the following vote: Yeas 5,  
1-5 Nays 0; March 26, 2025, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	King	X		
1-9	Sparks	X		
1-10	Alvarado	X		
1-11	Johnson	X		
1-12	Schwertner	X		

1-13 A BILL TO BE ENTITLED  
1-14 AN ACT

1-15 relating to limitations on the use of public money under certain  
1-16 economic development agreements or programs adopted by certain  
1-17 political subdivisions.

1-18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-19 SECTION 1. Chapter 380, Local Government Code, is amended  
1-20 by adding Sections 380.005, 380.006, 380.007, 380.008, and 380.009  
1-21 to read as follows:

1-22 Sec. 380.005. PROHIBITION ON AD VALOREM TAX RELIEF UNDER  
1-23 THIS CHAPTER. (a) A municipality may not grant an exemption or  
1-24 other relief from ad valorem taxation under this chapter.

1-25 (b) This section does not limit the authority of a  
1-26 municipality to make a loan or grant under this chapter:

1-27 (1) to a recipient who enters into a tax abatement  
1-28 agreement with the municipality under Chapter 312, Tax Code; or

1-29 (2) in conjunction with a tax abatement agreement  
1-30 entered into by the municipality under Chapter 312, Tax Code.

1-31 Sec. 380.006. PUBLIC MEETING AND NOTICE REQUIREMENTS. (a)  
1-32 Before a municipality may make a loan or grant under this chapter,  
1-33 the governing body of the municipality must hold a public hearing  
1-34 regarding the proposed loan or grant at which members of the public  
1-35 are given the opportunity to be heard.

1-36 (b) A municipality that maintains an Internet website shall  
1-37 post the current version of the proposed loan or grant under this  
1-38 chapter on the website.

1-39 (c) In addition to any other requirement of law, the public  
1-40 notice of a meeting at which the governing body of a municipality  
1-41 will consider the adoption of a proposed loan or grant under this  
1-42 chapter must contain:

1-43 (1) the name of the recipient of the loan or grant;

1-44 (2) a general description of the public purpose for  
1-45 which the loan or grant is provided; and

1-46 (3) the amount of and period of time for the loan or  
1-47 grant.

1-48 (d) Except as otherwise provided by this section, a  
1-49 municipality must give the notice of a meeting required by this  
1-50 section in the manner provided by Chapter 551, Government Code.

1-51 (e) A municipality must give notice of a meeting required by  
1-52 this section not less than 15 business days but not more than 30  
1-53 business days before the meeting.

1-54 (f) If a municipality postpones a meeting required by this  
1-55 section to a later date, the municipality must hold the postponed  
1-56 meeting not more than 10 business days after the date for which the  
1-57 meeting was originally scheduled. If the postponement would result  
1-58 in the meeting being held more than 30 business days after the date  
1-59 the municipality gave notice of the meeting, the municipality must  
1-60 give a new notice of the meeting as provided by Subsection (e).

1-61 Sec. 380.007. PERFORMANCE METRICS REQUIREMENT. (a) An

agreement for a loan or grant under this chapter must include appropriate performance metrics relating to the goals of an economic development program established under this chapter.

(b) An agreement for a loan or grant under this chapter may not be renewed under Section 380.008(b) unless the municipality determines that the performance metrics under the agreement have been met.

Sec. 380.008. PERIOD OF AGREEMENT; RENEWAL. (a) Except as otherwise provided by this section, a municipality may not enter into an agreement to make a loan or grant under this chapter for a period exceeding 10 years.

(b) A municipality may, subject to Section 380.007(b), renew an agreement under this chapter. An agreement may be renewed no more than three times, and each renewal period may not exceed five years.

(c) The total combined period for an agreement under this chapter, including the initial agreement and renewal periods, may not exceed 25 years.

Sec. 380.009. CONFIDENTIALITY OF PROPRIETARY INFORMATION. Information that is provided to a municipality in connection with an application or request for a loan or grant under this chapter and that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which a loan or grant is sought is confidential and not subject to public disclosure until the loan or grant agreement is executed. Information that is in the custody of a municipality after an agreement has been executed is not confidential under this section.

SECTION 2. Chapter 381, Local Government Code, is amended by adding Sections 381.006, 381.007, 381.008, 381.009, and 381.010 to read as follows:

Sec. 381.006. PROHIBITION ON AD VALOREM TAX RELIEF UNDER THIS CHAPTER. (a) A county may not grant an exemption or other relief from ad valorem taxation under this chapter.

(b) This section does not limit the authority of a county:

- (1) to make a loan or grant of county money under this chapter to a recipient who enters into a tax abatement agreement with the county under Chapter 312, Tax Code; or

- (2) to use county money for a purpose authorized by this chapter in conjunction with a tax abatement agreement entered into by the county under Chapter 312, Tax Code.

Sec. 381.007. PUBLIC MEETING AND NOTICE REQUIREMENTS. (a) Before a county may use county money for a purpose authorized by this chapter, the commissioners court of the county must hold a public hearing regarding the proposed use at which members of the public are given the opportunity to be heard.

(b) A county shall post the current version of the proposed use of county money under this chapter on the county's Internet website.

(c) In addition to any other requirement of law, the public notice of a meeting at which the commissioners court of a county will consider the adoption of a proposed use of county money under this chapter must contain:

- (1) the name of the recipient of the county money;
- (2) a general description of the public purpose for which the county money is provided; and

- (3) if applicable, the amount of and period of time for a loan or grant of county money.

(d) Except as otherwise provided by this section, a county must give the notice of a meeting required by this section in the manner provided by Chapter 551, Government Code.

(e) A county must give notice of a meeting required by this section not less than 15 business days but not more than 30 business days before the meeting.

(f) If a county postpones a meeting required by this section to a later date, the county must hold the postponed meeting not more than 10 business days after the date for which the meeting was originally scheduled. If the postponement would result in the meeting being held more than 30 business days after the date the

county gave notice of the meeting, the county must give a new notice of the meeting as provided by Subsection (e).

Sec. 381.008. PERFORMANCE METRICS REQUIREMENT. (a) An agreement relating to the use of county money under this chapter must include appropriate performance metrics relating to the goals of an economic development program established under this chapter.

(b) An agreement under this chapter may not be renewed under Section 381.009(b) unless the county determines that the performance metrics under the agreement have been met.

Sec. 381.009. PERIOD OF AGREEMENT; RENEWAL. (a) Except as otherwise provided by this section, a county may not enter into an agreement to make a loan or grant under this chapter for a period exceeding 10 years.

(b) A county may, subject to Section 381.008(b), renew an agreement under this chapter. An agreement may be renewed no more than three times, and each renewal period may not exceed five years.

(c) The total combined period for an agreement under this chapter, including the initial agreement and renewal periods, may not exceed 25 years.

Sec. 381.010. CONFIDENTIALITY OF PROPRIETARY INFORMATION. Information that is provided to a county in connection with an application or request for a loan or grant under this chapter and that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which a loan or grant is sought is confidential and not subject to public disclosure until the loan or grant agreement is executed. Information that is in the custody of a county after an agreement has been executed is not confidential under this section.

SECTION 3. Subchapter A, Chapter 312, Tax Code, is amended by adding Section 312.009 to read as follows:

Sec. 312.009. LIMITATION ON TAX ABATEMENT AGREEMENTS. In a tax abatement agreement entered into under this chapter, a taxing unit:

(1) may only provide an abatement of the taxing unit's ad valorem taxes; and

(2) may not provide a loan or grant of public money from any other source.

SECTION 4. Section 312.207, Tax Code, is amended by amending Subsection (d) and adding Subsections (e) and (f) to read as follows:

(d) The notice of a meeting required by this section must be given in the manner required by Chapter 551, Government Code, except as otherwise provided by this section [that the notice must be provided at least 30 days before the scheduled time of the meeting].

(e) A municipality or other taxing unit must give notice of a meeting required by this section not less than 15 business days but not more than 30 business days before the meeting.

(f) If a municipality or other taxing unit postpones a meeting required by this section to a later date, the municipality or other taxing unit must hold the postponed meeting not more than 10 business days after the date for which the meeting was originally scheduled. If the postponement would result in the meeting being held more than 30 business days after the date the municipality or other taxing unit gave notice of the meeting, the municipality or other taxing unit must give a new notice of the meeting as provided by Subsection (e).

SECTION 5. The changes in law made by this Act apply only to an agreement entered into on or after the effective date of this Act. An agreement entered into before the effective date of this Act is governed by the law applicable to the contract on the date the contract was entered into, and that law is continued in effect for that purpose.

SECTION 6. This Act takes effect September 1, 2025.

\* \* \* \* \*