



AGENDA MEMO

Business of the City Council

City of Sweeny, Texas

Meeting Date	03.05.2024	Agenda Item	
Approved by City Manager	Yes	Presenter(s)	Lindsay Koskiniemi, City Manager
Reviewed by City Attorney	No	Department	Economic Development
Subject	Discussion and possible action on a request from City Council to provide additional information on Type B-eligible economic development activities.		
Attachments	1) Type A & B Eligible Activities 2) Chapter 1 Economic Development Handbook 3) Chapter 505 Local Government Code		
Financial Information	Expenditure Required:	N/A	
	Amount Budgeted:	N/A	
	Account Number:		
	Additional Appropriation Required:		
	Additional Account Number:		

Executive Summary

At the special City Council meeting held on January 30, 2024, the Council requested to have additional information on Type B-eligible economic development activities. There are several activities that are eligible for Type B corporation participation that must provide jobs, however there are exceptions to this requirement.

Section 13 of the “Type A and Type B Sales Tax” document, prepared by Jeff Moore, General Counsel for Sweeny Economic Development Corporation, (page 6/38 to 8/38) states the following:

“13. What Are Permissible Type B Projects?”

Type B Projects That Must Create or Retain Primary Jobs

Not all Type Projects are required to create or retain primary jobs. Nonetheless, certain sections of the Act require certain Type B projects create or retain primary jobs. Consequently, Type B corporations may assist with the following projects, provided the following projects create or retain a primary job:

- (1) Type B corporation may provide land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements 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:
 - (a) Manufacturing and industrial facilities
 - (b) Research and development facilities
 - (c) Military facilities, including closed or realigned military bases
 - (d) Transportation facilities, including airports, hangars, rail ports, rail switching facilities, maintenance and repair facilities, cargo facilities, related infrastructure located on or adjacent to an airport or rail port facility, marine ports, inland ports, mass commuting facilities, and parking facilities



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- (e) Sewage or solid waste disposal facilities
 - (f) Recycling facilities
 - (g) Air water pollution control facilities
 - (h) Distribution centers
 - (i) Small warehouse facilities capable of serving as decentralized storage and distribution centers
 - (j) Primary job training facilities for use by institutions of higher education
 - (k) Regional or nations corporate headquarters facilities
- (2) Type corporations may provide land, buildings, equipment, facilities, and improvements found by the board of directors to promote or develop new or expanded business enterprises that create or retain primary jobs, including a project to provide:
- (a) Public safety facilities
 - (b) Streets and roads
 - (c) Drainage and related improvements
 - (d) Demolition of existing structures
 - (e) General municipally owned improvements; and
 - (f) Any improvements or facilities that are related to a project described by this subsection; and any other project that the board of directors in its discretion determines promotes or develops new or expanded business enterprises that create or retain primary jobs.

Type B Project Which Are Not Required to Create or Retain Primary Jobs:

Not all Type B projects are required to create or retain primary jobs. The following Type B projects are not required to create or retain primary jobs:

- (1) Job training classes
- (2) certain targeted infrastructure projects necessary to promote or develop new or expanded business enterprises, limited to streets and roads, rail spurs, water and sewer utilities, and electric utilities, gas utilities, drainage, site improvements, and related improvements, telecommunications and Internet improvements, and beach remediation along the Gulf of Mexico
- (3) Land, buildings, equipment, facilities, improvements, and expenditures required or suitable for use for a career center if the area to be benefited by the career center is not located within the taxing jurisdiction of a junior college district
- (4) Project consisting of profession and amateur (including children's) sports, athletic, entertainment, tourist, convention, and public park purposes and events.
- (5) Affordable housing projects
- (6) Water supply facilities projects, with the requisite voter approval
- (7) Water conservation programs, with the requisite voter approval
- (8) Development, improvement, expansion, or maintenance of facilities relating to the operation of commuter rail, light rail, or motor busses
- (9) Development or expansion of airport or rail port facilities, including hangars, maintenance and repair facilities, cargo facilities, and related infrastructure located on or adjacent to an airport or rail port facility, if the project is undertaken by a Type B corporation is authorized to sublease the entity's interest for other authorized projects and is approved by city council by resolution."



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The same information can be found on pages 9-12 of the Chapter 1 Economic Development Handbook attached.

A copy of Chapter 505 – Type B Corporations, Local Government Code is provided. This is the section of the Code that covers Type B Economic Development Corporation statute.

Recommended Action

No recommended action – Council discretion if any action is warranted.