



## **Understanding Type B Economic Development Corporations: City Council Oversight Responsibilities and Eligible Type B Projects**

### **Type B Corporations**

The Texas Legislature adopted the Development Corporation Act of 1979 to give cities the ability to raise funds and finance economic and community development efforts through the creation of economic development corporations. The Texas Local Government Code chapters 501, 504, and 505 define the scope of economic development corporations.

Corporations are either identified as “Type A” or “Type B” organizations depending on the authority approved by the voters as included in the election ballot language and by the type of sales tax revenue uses approved by the voters.

The voters of the City of Buda approved the formation of the Buda Economic Development Corporation (Buda EDC) in 2001. The Buda EDC is considered a Type B (formerly 4B) corporation. The Buda EDC’s revenue is funded by a one-half cent sales tax collection.

### **Eligible Type B Projects**

\*Type B corporations may pay for land, buildings, equipment, facilities, targeted infrastructure, and improvements for the following:

- Professional and amateur sports and athletic facilities, tourism and entertainment facilities, convention facilities, and public parks
  
- Related store, restaurant, concession, parking, and transportation facilities
  
- Related street, water, and sewer facilities
  
- Affordable housing

To promote and develop new and expanded business enterprises that create or retain primary jobs, a Type B EDC may fund:

- Public safety facilities
  
- Recycling facilities



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### **Eligible Type B Projects**

- Streets, roads, drainage, and related improvements
- Demolition of existing structures
- General Municipally owned improvements
- Maintenance and operating costs associated with projects

A Type B EDC may also seek voter approval to spend Type B sales tax funds for a water supply, water conservation program, or cleanup of contaminated property.

### **Buda City Council Oversight Responsibilities**

Per Texas State Law, the Buda City Council is to approve all programs and expenditures of the Buda EDC and annually review any financial statements of the corporation; it is entitled access to all of the Corporation's books and records at all times; (Texas Government Code, Section 501.073)

In accordance with Buda EDC bylaws, Directors shall be appointed by and shall serve at the pleasure of the Buda City Council.