



The Senate of
The State of Texas

MBJ
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O.H. "IKE" HARRIS

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RO-449

October 13, 1992

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The Honorable Dan Morales
Attorney General
STATE OF TEXAS
Post Office Box 12548
Austin, Texas 78711-2548

Opinion Committee

Re: Opinion Committee
Art. 5190.6, Revised Civil Statutes of Texas

Dear General Morales:

Your opinion is respectfully solicited on a matter of statewide importance which has arisen under Art. 5190.6, Revised Civil Statutes of Texas (the "Act").

The question is whether or not an economic or industrial development corporation created under Sec. 4A of the Act may declare as a Project under Sec. 2 (10) of the Act a special events center the purpose of which is to attract equestrian events such as horse shows, competitions, rodeos, cutting horse competitions, and other similar functions as well as livestock expositions and other events which require a large facility to contain the performance. The economic purpose of the special events center would be to attract participants and spectators and to promote tourism.

The importance of determining the special events center a statutorily-authorized Project is to enable the economic development corporation to use funds generated by a one-half cent sales and use tax levied for the benefit of the economic development corporation to pay debt service on bonds sold to pay for construction of the special events center. The Texas Legislative Council has previously opined that an economic development corporation can use its funds for the development of such a center, but Legislative Council's opinion has no precedential effect.

An alternative question which arises under Sec. 2 (10) of the Act is whether or not an economic development corporation may expend its funds derived from sales and use tax on a commercial development such as a special events center in an area which has previously designated as a blighted area

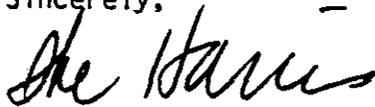
The Honorable Dan Morales
October 13, 1992
Page -2-

by a home rule city? Treating the facility as a commercial project might also allow the development of the peripheral commercial businesses such as hotels, restaurants, recreational vehicle parks, amusements and other related businesses adjacent to the special events center, which do not necessarily fit within the definition of Project under Sec. 2 (10) of the Act.

Because bonded indebtedness would need to be incurred to fund such a special events center, either as a Project or as a commercial development, a definitive opinion of those powers of an economic development corporation is required before further plans can be made.

If your office needs additional information or assistance, please advise.

Sincerely,

A handwritten signature in cursive script, appearing to read "O. H. Harris".

O. H. "Ike" Harris