

**Type A - B Development Corporations  
and Municipal Development Districts**  
*Permitted Projects Summary*®



Information is derived from the Texas Local Government Code (LGC). [Please confer with your legal representative prior to engaging in projects.](#)

Ref	Type A	Type B	MDD	Project Criteria
1	na	na	W	[377.001.3] In this Chapter, Development Project means: (A) a “project” as that term is defined by Sections 505.151-505.158; or (B) a <b>convention center facility or related improvement</b> such as a convention center, civic center, civic center building, civic center hotel, or auditorium, including parking areas or facilities that are used to park vehicles and that are located at or in the vicinity of other convention center facilities.
2	na	na	App	[377.072.c] Except as provided by Subsection 377.072.d ( <i>in County greater than 3.3M in 1990 Census</i> ), the district may use money in the development project fund only to: 1) pay the costs of planning, acquiring, establishing, developing, constructing, or renovating one or more development projects in the district; or 2) pay the principal of, interest on, and other costs relating to bonds or other obligations issued by the district or to refund bonds or other obligations; or 3) pay the costs of operating or maintaining one or more development projects during the planning, acquisition, establishment, development, construction, or renovation or while bonds or other obligations for the planning, acquisition, establishment, development, construction, or renovation are outstanding.
3				[501.101] The <i>land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements</i> that are found by the board to be required or suitable for the development, retention or expansion of:
4	P	P	P	• <b>Manufacturing and industrial facilities</b>
5	P	P	P	• <b>Research and development facilities</b>
6	P	P	P	• <b>Military facilities</b> , including closed or realigned military bases
7	W <sup>2</sup>	W <sup>2</sup>	P	• <b>Transportation facilities</b> , including airports, hangars, railports, rail switching facilities, maintenance and repair facilities, cargo facilities, related infrastructure located on or adjacent to an airport or railport facility, marine ports, inland ports, mass commuting facilities, and parking facilities
8	W <sup>2</sup>	W <sup>2</sup>	P	• <b>Sewage or solid waste disposal facilities</b>
9	P	P	P	• <b>Recycling facilities</b>
10	W <sup>2</sup>	W <sup>2</sup>	P	• <b>Air or water pollution control facilities</b>
11	W <sup>2</sup>	W <sup>2</sup>	P	• <b>Facilities for furnishing water</b> to the public
12	P	P	P	• <b>Distribution centers</b>
13	P	P	P	• <b>Small warehouse facilities</b> capable of serving as decentralized storage and distribution centers
14	P	P	P	• <b>Primary job training facilities</b> for use by institutions of higher education
15	P	P	P	• Regional or national <b>corporate headquarters</b> facilities
16	W	W	W	[501.102] <b>Job training</b> required or suitable for the promotion of development and expansion of business enterprises and other enterprises described by this subtitle, as provided by Section 501.162.
17				[501.103] Expenditures that are found by the board of directors to be required or suitable for <b>infrastructure</b> necessary to promote or develop new or expanded business enterprises, limited to:
18	W	W	W	• <b>Streets and roads, rail spurs, water and sewer utilities, electric utilities, or gas utilities, drainage, site improvements, and related improvements;</b>
19	W	W	W	• <b>Telecommunications and Internet improvements;</b> or
20	W	W	W	• <b>Beach remediation</b> along the Gulf of Mexico



21	Type A	Type B	MDD	Project Criteria
22	P*	P*	P	[501.104] The <i>infrastructure, improvements, land acquisition, buildings, or expenditures</i> that are for the creation or retention of primary jobs <b>OR*</b> jobs that are included in NAIS sector number 926120, Regulation and Administration of Transportation Programs, for corresponding index entry for Coast Guard (except the Coast Guard Academy); and are found by the board of directors to be required or suitable for: (A) promoting or supporting a <b>military base</b> in active use to prevent the possible future closure or realignment of the base; or (B) attracting <b>new military missions</b> to a military base in active use; or (C) <b>redeveloping a military base</b> that has been closed or realigned, including a military base closed or realigned according to the recommendation of the Defense Base Closure and Realignment Commission under the Defense Base Closure and Realignment Act of 1990.
23	W	W	W	[501.105] <i>Land, buildings, equipment, facilities, improvements, and expenditures</i> found by the board of directors to be required or suitable for use for a <b>career center</b> , if the area to be benefited by the career center is not located in the taxing jurisdiction of a junior college district.
24	<i>See LGC for details</i>			[501.106] <b>Airport facilities</b> or other projects by corporations authorized by <b>certain border municipalities</b> .
25	<i>See LGC for details</i>			[501.107] <b>Infrastructure projects</b> by corporations authorized by municipalities in <b>certain border counties</b> .
26	App	App	App	[501.152] In this subtitle, " <b>cost,</b> " <b>with respect to a project</b> , means the cost of the acquisition, cleanup, construction, reconstruction, improvement, or expansion of a project, including: the cost of acquiring all land, rights-of-way, property rights, easements, and interests; the cost of all machinery and equipment; financing charges; the cost of inventory, raw materials, and other supplies; research and development costs; interest accruing before and during construction and until the first anniversary of the date the construction is completed, regardless of whether capitalized; necessary reserve funds; the cost of estimates, including estimates of cost and revenue; the cost of engineering or legal services; the cost of plans, specifications, or surveys; other expenses necessary or incident to determining the feasibility and practicability of acquiring, cleaning, constructing, reconstructing, improving, and expanding the project; administrative expenses; and other expenditures necessary or incident to: acquiring, cleaning, constructing, reconstructing, improving, and expanding the project; placing the project in operation; and financing or refinancing the project, including refunding any outstanding obligations, mortgages, or advances issued, made, or given by a person for a cost described by this section.
27	W	W	W	[501.162] [504.305] A corporation may spend tax revenue received under this subtitle for <b>job training offered through a business enterprise</b> only if the business enterprise has committed in writing to: <ul style="list-style-type: none"> <li>• Create new jobs that pay wages that are at least equal to the prevailing wage for the applicable occupation in the local labor market area; or</li> <li>• Increase its payroll to pay wages that are at least equal to the prevailing wage for the applicable occupation in the local labor market area.</li> </ul>
28	<i>See LGC for details</i>			[501.163] Use of tax revenue for <b>job-related training</b> by <i>certain corporations</i> .
29	W	W	-	[502.052] A corporation may, as authorized by the corporation's board of directors, spend tax revenue received under this subtitle for the <i>development, improvement, expansion, or maintenance of facilities</i> relating to the operation of <b>commuter rail, light rail, or motor buses</b> .
30	App	na	na	[504.101] <sup>4</sup> A Type A corporation has the powers and is subject to the limitations of a corporation created under another provision of this subtitle outside of this chapter ( <i>see 501.101</i> ). To the extent of a conflict between this chapter and another provision of this subtitle, this chapter prevails.



31	Type A	Type B	MDD	Project Criteria
32				[504.103.c] <sup>4</sup> A project the primary purpose of which is to provide:
33	W	-	-	<ul style="list-style-type: none"> <li>• A <b>general aviation business service airport</b> that is an integral part of an industrial park;</li> </ul>
34	W	-	-	<ul style="list-style-type: none"> <li>• A <b>port-related facility</b> to support waterborne commerce; or</li> </ul>
35	W	-	-	<ul style="list-style-type: none"> <li>• An <b>airport-related facility</b>, <u>IF</u> the authorizing municipality: <ul style="list-style-type: none"> <li>A) is wholly or partly located within 25 miles of an international border; and</li> <li>B) has, at the time the project is approved by the corporation as provided by this subtitle: 1) a population of less than 50,000; or 2) an average rate of unemployment that is greater than the state average rate of unemployment during the most recent 12-month period for which data is available that precedes the date the project is approved.</li> </ul> </li> </ul>
36	App	na	na	[504.105] (a) Except as provided by Subsection (b), a Type A corporation may spend not more than 10 percent of the corporate revenues for <b>promotional purposes</b> . (b) A Type A corporation may spend not more than 25 percent of the corporate revenues for promotional purposes if the authorizing municipality: is located in two counties; has a population of less than 24,250 according to the 1990 federal census; and is located wholly or partly within 10 miles of a federal military reservation.
37	App	na	na	[504.171] (a) This section applies <b>only to a Type A corporation</b> the creation of which was authorized by a municipality: <ol style="list-style-type: none"> <li>(1) that has also authorized the creation of a Type B corporation; and</li> <li>(2) that has a population of 7,500 or less.</li> </ol> (b) Notwithstanding Section 504.152, if permitted by ordinance of the authorizing municipality, a <b>Type A corporation</b> to which this section applies <b>may undertake any project that a Type B corporation</b> , the creation of which was authorized by the same municipality, <b>may undertake under Chapter 505</b> .
38	W <sup>3</sup>	W <sup>3</sup>	-	[504.304.b] <sup>4</sup> [505.305] The cleanup of <b>contaminated property</b> .
39	na	App	na	[505.103] A Type B corporation may spend not more than 10 percent of the corporate revenues for <b>promotional purposes</b> .
40	W <sup>1</sup>	W	W	[505.151] In this Chapter, "project" means <i>land, buildings, equipment, facilities, expenditures and improvements</i> included in the definition of "projects" under Chapter 501, including: <ol style="list-style-type: none"> <li>(1) job training as provided by Section 501.162; and</li> <li>(2) recycling facilities.</li> </ol> <i>(Note that 505.151 authorizing projects allowed by Type B corporations only includes those projects under Chapter 501, and does not include "targeted infrastructure" in its authorization.)</i>
41	W <sup>1</sup>	W	W	[505.152] Land, buildings, equipment, facilities, and improvements found by the board of directors to be required or suitable for use for <b>professional and amateur sports</b> , including children's sports, athletic, entertainment, tourist, convention, and public park purposes and events, including stadiums, ball parks, auditoriums, amphitheatres, 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 the items described by this section.
42	W <sup>1</sup>	W	W	[505.153] Land, buildings, equipment, facilities, and improvements found by the board of directors to be required or suitable for the promotion of development and expansion of <b>affordable housing</b> , as described by 42 U.S.C. Section 12745.



43	Type A	Type B	MDD	Project Criteria
44	W <sup>1</sup>	W	W	[505.154] <i>Land, buildings, equipment, facilities, and improvements</i> found by the board of directors to be required or suitable for: 1) The development or improvement of <b>water supply facilities</b> , including dams, transmission lines, well field developments, and other water supply alternatives; or 2) The development and institution of <b>water conservation programs</b> , 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.
45	P <sup>1</sup>	P	P	[505.155] <i>Land, buildings, equipment, facilities, and improvements</i> found by the board of directors to promote or develop <b>new or expanded business enterprises</b> that <i>create or retain primary jobs</i> , including: (1) a <b>project to provide public safety facilities, streets and roads, drainage and related improvements, demolition of existing structures, general municipally owned improvements</b> , and any improvements or facilities related to a project described by this subdivision; and (2) <b>Any other project</b> that the board of directors in the board's discretion determines promotes or develops <b>new or expanded business enterprises</b> that <i>create or retain primary jobs</i> .
46	W <sup>1</sup>	W	W	[505.156] <i>Land, buildings, equipment, facilities, and improvements</i> found by the board of directors to be required or suitable for the <b>development, retention, or expansion of business enterprises</b> if the project is undertaken by a Type B corporation authorized to be created by a municipality: 1) That has not for each of the <b>preceding two fiscal years received more than \$50,000 in revenues</b> from sales and use taxes imposed under this chapter; and 2) The <b>governing body of which has authorized the project</b> by adopting a resolution only after giving the resolution at least two separate readings conducted at least one week apart.
47	W <sup>1</sup>	W	W	[505.1561] <i>Land, buildings, equipment, facilities, and improvements</i> found by the board of directors to be required or suitable for the development or expansion of <b>airport or railport facilities</b> , including hangars, maintenance and repair facilities, cargo facilities, and related infrastructure located on or adjacent to an airport or railport facility, if the project is undertaken by a Type B corporation authorized to be created by a municipality: 1) That enters into a <b>development agreement</b> with an entity in which the entity acquires a leasehold or other possessory interest from the corporation and is authorized to sublease the entity's interest for other projects authorized by Sections 505.151 through 505.156; and 2) The governing body of which has authorized the development agreement by adopting a resolution at a meeting called as authorized by law.
48	<i>See LGC for details</i>			[505.157] Projects in <b>landlocked communities</b> .
49	W <sup>1</sup>	W	W	[505.158] For a Type B corporation authorized to be created by a municipality with a population of <b>20,000 or less</b> , "project" also includes the <i>land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements</i> found by the corporation's board of directors to <b>promote new or expanded business development</b> . A Type B corporation may not undertake a project authorized by this section that requires an expenditure of more than \$10,000 until the <b>governing body</b> of the corporation's authorizing municipality <b>adopts a resolution</b> authorizing the project after giving the resolution at least two separate readings.
50	W <sup>1</sup>	W <sup>3</sup>	-	[505.202] A specific <b>sports venue project</b> , including related infrastructure, or for a specific category of sports venue projects, including related infrastructure.

Note: Please advise me of any potential errors in the representation and I will research to resolve. [glast@EDPBestPractices.com](mailto:glast@EDPBestPractices.com)



**Legend / Notes:**

- LGC = Texas Local Government Code
- P = Permitted only with creation or retention of Primary Jobs
- W = Permitted with or without Primary Job requirement
- App = Applies to that section
- Blue text is a comment or observation and not part of the LGC.
- <sup>1</sup>Only permitted after an election has been approved pursuant to Section 504.152 authorizing the Type A corporation to fund certain Type B projects as authorized in Chapter 505. Also see Section 504.171 for cities less than 7,500 in population.
- <sup>2</sup>Except as restricted by Section 504.103 which prohibits this type of project as its primary purpose but allows this type of project when it is intended “to benefit property acquired for a project that has another primary purpose.” *(This section is silent to the Primary Job requirement. Summary assumes that the Primary Job requirement is not applicable here because 504 overrides 501 according to 504.101.)*
- <sup>3</sup>Only if the use of tax proceeds for that purpose is authorized by a majority of the voters of the authorizing municipality voting at an election held for that purpose.
- <sup>4</sup>Chapter 504 is limited in applicability to municipalities that meet the requirements noted in Section 504.002.

**Definition [501.002]**

(12) "Primary job" means:

(A) a job that is:

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

<b>NAICS Sector #</b>	<b>Description</b>
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 motion picture theaters and drive-in motion picture 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	Architectural, Engineering, and Related Services; Computer System Design and Related Services; Management, Scientific, and Technical Consulting Services; Scientific Research and Development Services; Other Professional, Scientific, and Technical Services
551	Management of Companies and Enterprises
56142	Telephone Call Centers
922140	Correctional Institutions; or

- (B) a job that is included in North American Industry Classification System (NAICS) sector number 928110, National Security, for the corresponding index entries for Armed Forces, Army, Navy, Air Force, Marine Corps, and Military Bases.

