# Bond Case Briefs

*Municipal Finance Law Since 1971*

---

**ECONOMIC DEVELOPMENT AGREEMENTS - TEXAS**

## JPMorgan Chase Bank, N.A. v. City of Corsicana

**Supreme Court of Texas - May 8, 2026 - S.W.3d - 2026 WL 1261549 - 69 Tex. Sup. Ct. J. 625**

City and county brought declaratory judgment action against nonprofit corporation that owned site of retail-center project and retailer that operated anchor store in retail center, seeking declaration that economic-development agreements requiring city and county to grant sales-tax revenues for construction of retail facility were unconstitutional under Gift Clauses of Texas Constitution after retailer closed its store.

Corporation and retailer asserted counterclaims seeking declaratory relief regarding city's and county's obligations. Project lender intervened.

The District Court granted summary judgment motion filed by city and county. Corporation assigned its rights in lawsuit to lender after perfecting appeal. Lender appealed individually and as assignee of corporation.

The Waco Court of Appeals affirmed. Lender petitioned for review, which was granted.

The Supreme Court held that:

- As matter of first impression, constitutional provision authorizing loans and grants of public money for public purposes of development and diversification of the state economy does not otherwise exempt economic-development spending from the traditional constitutional restrictions generally applicable to all uses of public funds in Texas;
- Economic-development arrangement was for public purposes of development and diversification of economy;
- Closure of retailer's store did not establish that public purpose of grants was extinguished;
- Closure of retailer's store did not establish that agreements lacked sufficient controls; and
- Record reflected that city and county received return benefit in exchange for expenditures.

Constitutional provision authorizing loans and grants of public money for public purposes of development and diversification of the state economy establishes development and diversification of the economy as a legitimate public purpose but does not otherwise exempt economic-development spending from the traditional constitutional restrictions generally applicable to all uses of public funds in Texas.

Payments by city and county to attract new businesses and create jobs under economic-development arrangement with nonprofit corporation that owned shopping-center project site by dedicating portions of sales tax revenue associated with construction project and its related commercial area were for public purposes of development and diversification of economy, as required by Texas Constitution provision authorizing loans and grants of public money for economic development; financing structure fit type of activity that constitutional amendment was designed to allow, and pledged tax revenues and rental income were dedicated to repaying construction debt for facility occupied and operated by enterprise.

Closure of retailer’s store did not establish that continued payments by city and county under economic-development agreements no longer served public purpose, for purposes of Gift Clauses and Texas Constitution provision authorizing loans and grants of public money for economic development, where record indicated that payments facilitated not merely retailer’s 11-year tenancy, but also development of shopping district that generated economic activity and tax revenue both during and after retailer’s departure.

Closure of anchor retail store did not establish that economic-development agreements, by which city and county pledged future sales-tax revenues to finance construction of anchor store in new shopping district, lacked sufficient safeguards to satisfy requirement of Gift Clauses of the Texas Constitution that government retain public control over funds to ensure accomplishment of public purpose; deal’s public purpose was not limited to anchor store’s continuing operation, but was directed to overall economic development, and agreements likely contained sufficient safeguards with respect to broader public purpose, including that public funds were not spent until anchor store was completed and opened, governments’ contributions were held in separate account to be used solely to pay construction-project debt, and governments’ financial obligations were tied to a percentage of sales-tax revenue generated within shopping district.

City and county received return benefit sufficient to satisfy consideration requirement of Gift Clauses of Texas Constitution for economic-development agreements funding construction of anchor retail store in shopping district; large retail store capable of anchoring new shopping district was built, public funds were used solely in relation to construction debt and were not subverted to private purposes, store operated for more than a decade before closing, shopping district apparently generated and continued to generate jobs, commerce, and additional tax revenue, and store facility was occupied by another large retailer after original store closed.

Public benefit from economic-development investment by city and county, if construction of anchor-store facility attracted additional tenants and substantially increased economic activity and sales-tax revenue in shopping district, was sufficient consideration for purposes of Gift Clauses of Texas Constitution.