

## **BILL ANALYSIS**

C.S.H.B. 3575  
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Urban Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Committee Substitute House Bill 3575 creates the Katy Towne Centre Development District as a political subdivision of the State of Texas to administer and provide funding for community improvement projects and services in certain commercial areas of Katy. The District will be a municipal management district similar to those operating pursuant to Chapter 375 and 376, Local Government Code.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. CREATION OF DISTRICT. (a) Creates the Katy Towne Centre Development District (the "district") as a special district under Section 52, Article III, Section 59, Article XVI, Texas Constitution, and Section 1-g, Article VIII, Texas Constitution.

(b) Authorizes the Board of Directors of the district (the "board") by resolution to change the name of the district.

SECTION 2. DECLARATION OF INTENT. (a) Sets forth findings regarding the necessity of the creation of the district.

(b) Sets forth findings that the creation of the district is essential to accomplish certain purposes.

SECTION 3. DEFINITIONS. Defines "board and "district."

SECTION 4. BOUNDARIES. Sets forth the metes and bounds of the district.

SECTION 5. FINDINGS RELATING TO BOUNDARIES. Provides that the boundaries and field notes of the district form a closure. Provides that if a mistake is made in the field notes or in copying the field notes in the legislative process, the mistake does not in any way affect the district's organization, existence, or validity, its right to issue any type of bond for the purposes for which the district is created or to pay the principal of and interest on a bond, its right to impose or collect an assessment or a tax, or its legality or operation.

SECTION 6. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) Provides that the district is created to serve a public use and benefit, and that all land and other property in the District will benefit from the improvements and services to be provided by the District. Provides that the creation of the district is in the public interest and is essential to further the public purposes of the development and diversification of the economy of the state, eliminate unemployment and underemployment, and develop or expand transportation and commerce. Provides that the district will serve the public purpose of promoting the health, safety and general welfare and provide necessary funding for the economic health and vitality of the district as a community and business center. Provides that pedestrian ways along or across a street, whether at grade or above or below the surface, and street lighting, street landscaping, and street art objects are part of and necessary components of a street and are considered to be a street or road

improvement. Provides that the district will not act as the agent or instrumentality of any private interest even though many private interests will be benefitted by the district, as will the general public.

**SECTION 7. FINDINGS RELATED TO REDEVELOPMENT.** Provides findings that the area within the district is unproductive, underdeveloped or blighted; development or redevelopment would not occur solely through private investment in the reasonably foreseeable future; the area within the district substantially arrests and impairs the sound growth of the City of Katy retards the provision of housing accommodations, and constitutes an economic and social liability and is a menace to the public health, safety, morals, and welfare in its present condition and use; and the area within the district is predominately open and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impairs or arrests the sound growth of the City of Katy.

**SECTION 8. ELIGIBILITY FOR REINVESTMENT ZONES.** Provides that all or any part of the district is eligible to be included in a tax incremental reinvestment zone created by the municipality under Chapter 311, Tax Code, regardless of other statutory criteria

**SECTION 9. APPLICATION OF OTHER LAW.** Provides that Chapter 311, Government Code (Code Construction Act) applies to the Act.

**SECTION 10. CONSTRUCTION OF ACT.** Provides for liberal construction of Act, and supremacy over general law.

**SECTION 11. BOARD OF DIRECTORS; TERMS.** Sets forth number and terms of directors.

**SECTION 12. APPOINTMENT.** Provides for directors' appointment; provides that Section 49.052, Water Code and Section 375.063, Local Government Code, do not apply to directors of the district.

**SECTION 13. VACANCIES.** Provides that vacancies on the board shall be filled by the remaining directors.

**SECTION 14. POWERS OF THE DISTRICT.** Provides that the district has all the powers and authority provided by the general laws of this state on (1) road districts and road utility districts created under Section 52, Article III, Texas Constitution, and (2) conservation and reclamation districts and municipal management districts created under Section 59, Article XVI, Texas Constitution; which includes Chapters 257 and 441, Transportation Code, Chapter 375, Local Government Code, and Chapters 54 and 49, Water Code.

**SECTION 15. AGREEMENTS; GRANTS.** (a) Provides that the district may make an agreement with or accept a gift, grant, or loan from any person.

(b) Provides that the implementation of a project is a governmental function or service for the purposes of Chapter 791, Government Code, allowing interlocal contracts.

**SECTION 16. LAW ENFORCEMENT SERVICES.** Provides that the district may contract for law enforcement services with a municipality or a county for a fee to protect the public interest.

**SECTION 17. AUTHORITY TO IMPOSE AD VALOREM TAXES, ASSESSMENTS, AND IMPACT FEES.** Provides that the district may impose ad valorem taxes, assessments, and impact fees and apply all the proceeds of the taxes, assessments or impact fees to the payment of debt, to contract payments, or to maintenance and operating expenses.

**SECTION 18. ELECTIONS REGARDING TAXES OR BONDS.** (a) Requires the district to hold an election in a manner provided by Chapters 49 and 54, Water Code, to obtain voter approval before the district may impose a maintenance tax or issue bonds that are payable from ad valorem taxes.

(b) Allows the board to include more than one purpose in a single proposition at an election.

SECTION 19. MAINTENANCE TAX. (a) Authorizes the district, if approved at an election held in accordance with Section 10, to impose and collect an annual ad valorem tax on taxable property in the district for any district purpose, including to maintain and operate the district, including improvements constructed or acquired by the district, or to provide a service.

(b) Provides that the board shall determine the tax rate.

SECTION 20. ASSESSMENTS; PETITION REQUIRED FOR FINANCING SERVICES AND IMPROVEMENTS. (a) Authorizes the board to impose and collect an assessment for any purpose authorized by this Act.

(b) Provides that the board may not finance a service or improvement project through an assessment unless a written petition requesting that service or improvement has been filed with the board. The petition must be signed by: (1) the owners of a majority of the assessed value of real property in the district that will be subject to the assessment according to the most recent certified tax appraisal roll or (2) at least 25 owners of land in the district that will be subject to the assessment, if more than 25 persons own land in the district that will be subject to the assessment according to the most recent certified tax appraisal roll for the county in which the property is located.

(c) Provides the priority of liens for the district.

(d) Provides that the lien is effective from the date of the board's resolution imposing the assessment until the date the assessment is paid; the board may enforce the lien in the same manner that the board may enforce an ad valorem tax lien against real property.

SECTION 21. UTILITIES. Provides that the district may not impose an impact fee or assessment on electric utilities or power generation companies, gas utilities, telecommunication providers, or a person who provides to the public cable television or advanced telecommunications services.

SECTION 22. USE AND ALTERATION OF PUBLIC WAYS. Provides that Section 375.093(c), Local Government Code, applies to the district.

SECTION 23. TAX INCREMENT FINANCING POWERS. (a) Provides that the district is a tax increment reinvestment zone authorized by Chapter 311, Tax Code, without further authorization or procedural requirement and notwithstanding other statutory criteria.

(b) Confers all the powers under Chapter 311, Tax Code, to the district.

(c) Provides that the district may enter into interlocal agreements with any overlapping taxing entity for the payment of all or a portion of the tax increment of the entity to the district and the overlapping taxing entities are authorized to enter into such agreements.

(d) Provides that the base year value of the district is the value as of January 1, 2003, of all taxable real property in the district as shown on the tax rolls of the appraisal district.

SECTION 24. OBLIGATIONS. (a) Authorizes the district to issue bonds or other obligations payable in whole or part from ad valorem taxes, assessments, impact fees, revenue, grants, other money sources of the district or any combination of sources to pay for any authorized purpose of the district.

(b) Authorizes the district to issue bonds or other obligations of the district in the form of bonds, notes, certificates of participation, including other instruments evidencing a proportionate interest in payments to be made by the district, or other obligations that are issued in the exercise of the district's borrowing power and maybe issued in bearer or registered form or not represented by an instrument but the transfer of which is registered on books maintained by or on behalf of the district.

SECTION 25. INITIAL DIRECTORS. Provides the names and terms of the initial board of directors for the district.

SECTION 26. LEGISLATIVE FINDINGS. Sets forth legislative findings regarding the fulfillment of procedural requirements with respect to the notice, introduction, and passage.

SECTION 27. EFFECTIVE DATE.

**EFFECTIVE DATE**

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2003.

**COMPARISON OF ORIGINAL TO SUBSTITUTE**

C.S.H.B. 3575 makes non-substantive drafting changes to the original; findings of benefit and public purpose are modified, and findings relating to redevelopment and reinvestment zones are separated out into separate sections; adds new section providing for application of Chapter 311, Government Code (Code Construction Act); separates out into separate section language providing for liberal construction and supremacy over general law; separates section regarding board of directors into separate sections; separates authority to impose ad valorem taxes into a separate section; separates provisions for law enforcement services into a separate section; adds a new section providing that the district may not impose an impact fee or assessment on electric utilities or power generation companies, gas utilities, telecommunication providers, or a person who provides to the public cable television or advanced telecommunications services; adds a new section regarding use and alteration of public ways; names initial directors;