

## **BILL ANALYSIS**

H.B. 3631  
By: Hochberg  
Urban Affairs  
Committee Report (Amended)

### **BACKGROUND AND PURPOSE**

Currently several conditions exist in the Sharpstown area that suppress property values and financially impede new development and investment. House Bill 3631 will give the needed initiative to improve economic stability and encourage revitalization and reinvestment in the Sharpstown area.

The District, once created will enable the supplemental services currently being provided in the Sharpstown area by the Sharpstown Public Improvement District (PID), to be expanded to a larger area and will serve to replace the PID, which will be dissolved. The bill has the support of a wide crosssection of area businesses who currently pay assessments through the PID for supplemental services.

### **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.** The Sharpstown International Improvement District is a special district created under Section 59, Article XVI, Texas Constitution. The board by resolution may change the name of the district.

**SECTION 2. DEFINITIONS.** Defines the terms "Board" and "District."

**SECTION 3. DECLARATION OF INTENT.** (a) The creation of the district is essential to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this Act.

(b) The creation of the district is necessary to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public welfare in the area of the district.

(c) The creation of the district and this legislation may not be interpreted to relieve Harris County or the City of Houston from providing the level of services provided, as of the effective date of this Act, to the area in the district. The district is created to supplement and not to supplant the county or city services provided in the area in the district.

**SECTION 4. BOUNDARIES.** This section sets forth the metes and bounds of the Sharpstown International Improvement District. The board will authorize a survey and exclude any single-family detached residential property from the district.

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

**SECTION 6. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.** This section sets forth benefit and

public purpose of the Sharpstown International Improvement District.

**SECTION 7. APPLICATION OF OTHER LAW.** Except as otherwise provided, Chapter 375, Local Government Code, and Chapter 311, Government Code (Code Construction Act) apply.

**SECTION 8. CONSTRUCTION OF ACT.** This Act shall be liberally construed in conformity with the findings and purposes stated.

**SECTION 9. NOTICE AND APPROVAL OF PROPERTY OWNERS.** This section provides for a 30 day written notice of the first board meeting to affected property owners by certified mail. It also prohibits the board from taking any action, except to reschedule the meeting, if a majority of the owners responding indicate disapproval of the creation of the district.

**SECTION 10. BOARD OF DIRECTORS IN GENERAL.** This section provides that the Sharpstown International Improvement District is governed by a board of nine directors as provided by SECTION 12, serving in staggered terms.

**SECTION 11. QUALIFICATIONS.** To qualify to serve as a director, a person must be at least 18 years old, and either an agent, employee, or tenant nominated by an owner, or the owner of a property subject to assessment by the district or of a beneficial interest in a trust that owns property subject to assessment by the district.

**SECTION 12. APPOINTMENT OF DIRECTORS.** This section sets forth provisions regarding the appointment of directors.

**SECTION 13. CONFLICTS OF INTEREST; ONE-TIME AFFIDAVIT.** Sets forth Chapter 171, Local Government Code, as governing conflicts of interest for directors. Provides that Section 171.004, Local Government Code, does not apply to the district. A director who has a substantial interest in a business or charitable entity that will receive a pecuniary benefit from a board action shall file a one-time affidavit declaring the interest. An additional affidavit is not required if the director's interest changes. After the affidavit is filed with the board secretary, the director may participate in a discussion or vote on that action if a majority of the directors have a similar interest in the same entity; or all other similar business or charitable entities in the district will receive a similar pecuniary benefit. A director who is also an officer or employee of a public entity may not participate in the discussion of or vote on a matter regarding a contract with that same public entity.

For purposes of this section, a director has a substantial interest in a charitable entity in the same manner that a person would have a substantial interest in a business entity under Section 171.002, Local Government Code.

**SECTION 14. ELECTRONIC TRANSMISSIONS.** The district may acquire, operate, or charge fees for the use of some district conduits. The district may not require a person to use a district conduit.

**SECTION 15. ADDITIONAL POWERS OF DISTRICT.** The district may exercise the powers given to a Section 4B corporation and a housing finance corporation created under Chapter 394, Local Government Code, to provide housing or residential development projects in the district.

**SECTION 16. AGREEMENTS; GRANTS.** Provides that the district may make an agreement with or accept a gift, grant, or loan from any person. In addition, the section provides that the implementation of a project is a governmental function or service for the purposes of Chapter 791, Government Code.

**SECTION 17. LAW ENFORCEMENT SERVICES.** To protect the public interest, the district may contract to provide law enforcement services in the district for a fee.

**SECTION 18. NONPROFIT CORPORATION.** This section provides that the board may authorize the creation of a nonprofit corporation, to assist and act on behalf of the district in implementing a project or providing a service authorized by this Act. The board shall appoint the board of directors of a nonprofit

corporation, who shall serve in the same manner as the board of directors of a local government corporation created under Chapter 431, Transportation Code.

**SECTION 19. REQUIREMENTS FOR FINANCING SERVICES AND IMPROVEMENTS.** This section provides that the board may not finance a service or improvement project with assessments unless a written petition requesting that improvement or service has been filed with the board, signed by the owners of a majority of the assessed value of real property in the district subject to assessment as determined by the most recent certified tax appraisal roll for Harris County; or at least 30 persons who own real property in the district subject to assessment, if more than 30 persons own real property in the district subject to assessment as determined by the most recent certified tax appraisal roll for Harris County.

**SECTION 20. ASSESSMENTS.** Provides that the board, by resolution, may impose and collect an assessment for any purpose authorized by this Act. Provides that assessments and associated costs are a first and prior lien against the property assessed; are superior to any other lien or claim other than a lien or claim for county, school district, or municipal ad valorem taxes; and are the personal liability of and charge against the owners of the property even if the owners are not named in the assessment proceedings.

Such a lien is effective from the date of the resolution which imposed the assessment until the date the assessment is paid; empowers the board to enforce the lien in the same manner as an ad valorem tax lien against real property. The board may exempt any property from the assessment if the property will not benefit from the proposed improvement project or services.

**SECTION 21. RESIDENTIAL PROPERTY.** The district may not impose an assessment on residential property.

**SECTION 22. UTILITIES.** Prohibits the district from imposing an impact fee or assessment upon property of electric utilities, power generation companies, gas utilities, or a person that provides to the public cable television or advanced telecommunications services.

**SECTION 23. BONDS.** This section provides for the issuance of bonds or other obligations payable wholly or partially from ad valorem taxes, assessments, impact fees, revenue, grants, or other money of the district, or any combination; these can take the form of a bond, note, certificate of participation or other instrument evidencing a proportionate interest in payments to be made by the district, or any other type of obligation. The board may not issue bonds for a service or improvement project unless a written petition requesting that improvement or service has been filed with the board.

**SECTION 24. DISBURSEMENTS OR TRANSFERS OF MONEY.** The board, by resolution, shall establish the number of directors' signatures and the procedure required for a disbursement or transfer of the district's money.

**SECTION 25. COMPETITIVE BIDDING LIMIT.** Provides that Section 375.221, Local Government Code, applies to the district only for a contract that has a value greater than \$15,000.

**SECTION 26. EXCEPTION FOR DISSOLUTION OF DISTRICT WITH OUTSTANDING DEBT.** Provides that the board may vote to dissolve the district even if it has outstanding debts, in which case the district shall remain in existence solely for the limited purpose of discharging its debts. Once such debts are discharged, the dissolution will be effective. Provides that Section 375.264, Local Government Code, does not apply to the district.

**SECTION 27. INITIAL DIRECTORS.** This section names initial directors of the district, and provides for their terms of office. This section expires on September 1, 2007.

**SECTION 28. LEGISLATIVE FINDINGS.** This section sets forth specific legislative findings.

**SECTION 29. EFFECTIVE DATE.** Effective date.

**EFFECTIVE DATE**

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

**EXPLANATION OF AMENDMENTS**

Committee Amendment No. 1 changed the requirements for the board to finance a service or improvement project (SECTION 19) and reduced the competitive bidding limit (Section 25).

Committee Amendment No. 2 added SECTION 9 requiring the notice and approval of property owners before the first meeting of the board.