

## **BILL ANALYSIS**

S.B. 868  
By: Lindsay  
Urban Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

S.B. 868 relates to the purpose, powers and duties of Harris County Improvement District No. 1 (the "District"). The District is a municipal management district, created in Chapter 1026, Acts of the 70th Legislature, Regular Session, 1987. The District is located within the corporate limits of the City of Houston, Texas, and encompasses approximately 500 acres. The District is bounded generally by Loop 610 on the eastern border, Woodway on the north, Chimney Rock on the west, and Highway 59 on the southern boarder. Within the District is located over \$2.15 billion in assessed real property value. The district includes the Galleria shopping center as well as numerous hotels and up-scale restaurants and other shopping venues. The District is empowered by its enabling legislation to perform many functions and it focuses on transportation improvements for this traffic-congested and important sales tax generating region; however, no specific authorization exists for the district to develop a public transit system. S.B. 868 sets forth legislative findings of fact in connection with the District, clarifies the powers and duties of the District by authorizing the district to develop a transit system and public parking facilities, and validates acts and proceedings of the District prior to the effective date of the Act.

### **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. Legislative Findings

The bill sets forth certain findings of the fact in connection with the District including: its prominence as one of the State's most dynamic activity centers; its struggle with an inadequate transportation system including inadequate system of streets and public parking facilities; its dependence on the motor vehicle for transport of workers and visitors to the area, and its resulting congestion; the absence of parking facilities, including park and ride facilities; its focus on safety measures for pedestrians and person driving motor vehicles; and the finding that the provisions of public transit and public parking facilities would lead to significant improvements in air pollution, traffic congestion, and economic activity.

The findings also include notice that the District will take advantage of all public and private funds and the opportunities available and be empowered to enter into contracts as necessary with others to provide the parking facilities and public transit that are needed.

#### SECTION 2. Amends Chapter 1026, Acts of the 70th Legislature, Regular Session, 1987, by adding a new Section 5A.

Subsection (A) provides that the District shall have the power to acquire, lease as lessor or lessee, construct, develop, own, operate and maintain a public transit system within the boundaries of the District.

Prior to doing so, the District must receive a petition requesting the improvement of a facility

executed by the owners representing either a majority in value or a majority in square footage of the real property in the District that is abutting the right-of-way in which the improvement of facility is proposed. The calculation of the property owners signing the petition shall be based on the landowners located along the entire right-of-way of the total transit project and not on a block-by-block basis.

Subsection (B) provides that the District shall have the power to acquire, lease as lessor or as lessee, construct, develop, own, operate and maintain parking facilities or a system of parking facilities, the terms of which are defined. The Subsection provides that all parking facilities of the District will either be leased to or operated by a private entity or an entity other than the District. The Subsection provides that the District's parking facilities will serve the public purposes described in the Legislative Findings set forth in the bill. The District's parking facilities will be exempt from the payment of ad valorem taxes and state and local sales and use taxes.

Subsection (C) provides that the District may use any of its resources including revenues, assessments, taxes or grants or contract proceeds to pay the cost of acquiring and operating the public transit system and a system of public parking facilities. The District may adopt rules and regulations covering its public transit system and parking system, and may set, impose and collect fees, charges and tolls for the use of the public transit and public parking systems. The District's rules relating to or affecting the use of the public right-of-way or requirements for off-street parking shall be subject to all applicable municipal requirements. The Subsection provides that if the District does not use public funds, then no petition of property owners as described in Subsection (A) is required provided however that a petition of property owners is required prior to expenditures relating to a public transit system. Provides that notwithstanding this section, a petition is required as provided for in Subsection (A) before the District may construct transit improvements.

Subsection (D) provides that the District is authorized to make contracts, leases and agreements and accept grants and loans to carry out the purposes of the Act, under the terms and provisions as the governing body of the District shall determine.

Subsection (E) requires the district, if the district acquisition of property for a parking facility which is leased to or operated by a private entity results in the removal from a taxing unit's tax rolls of real property otherwise subject to ad valorem taxation, to pay to the taxing unit in which the property is located, on or before January 1 or each year, as a payment in lieu of taxes, an amount equal to the ad valorem taxes that otherwise would have been levied for the preceding tax year on that real property by the taxing unit, without including the value of any improvements constructed on the property.

### SECTION 3. Validation Provision

The section provides that the Legislature validates and confirms all governmental acts and proceedings of the District that occur prior to the effective date of the Act. Normal legal restrictions to the validation clause are included.

### SECTION 4. Effective Date Clause.

#### **EFFECTIVE DATE**

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