

## **BILL ANALYSIS**

C.S.S.B. 1936  
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Urban Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Committee Substitute Senate Bill 1936 creates the Buffalo Bayou Management 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. The District will be a municipal management district similar to those operating pursuant to Chapters 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 Buffalo Bayou Management District as a special district under Section 59, Article XVI, Texas Constitution.

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

SECTION 2. DEFINITIONS. Defines "board and "district."

SECTION 3. DECLARATION OF INTENT. (a) Sets forth findings that the creation of the district is essential to accomplish certain purposes.

(b) Sets forth findings regarding the necessity of the creation of the district.

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

(d) Sets forth findings that the creation of the district accomplishes certain public purposes.

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.

(b) Provides that all land and other property included in the district will benefit from the improvements and

services to be provided by the district.

(c) 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 or commerce.

(d) 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.

(e) 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.

(f) Provides that the district will not act as the agent or instrumentality of any private interest even though the district will benefit private interests, as well as the general public.

**SECTION 7. APPLICATION OF OTHER LAW.** Provides that Chapter 375, Local Government Code and Chapter 311, Government Code (Code Construction Act), applies to this Act.

**SECTION 8. CONSTRUCTION OF ACT.** Requires that this Act be liberally construed in conformity with the findings and purposes stated in this Act.

**SECTION 9. BOARD OF DIRECTORS IN GENERAL.** Provides that the district is governed by a board of 14 voting directors appointed under Section 10 and nonvoting directors as provided in Section 11; that the directors serve staggered terms of four years; and that the board, within restriction, may increase or decrease the number of directors on the board by resolution.

**SECTION 10. APPOINTMENT OF DIRECTORS.** Provides for the appointment of board members.

**SECTION 11. NONVOTING DIRECTORS.** Provides a list of the people who shall serve as nonvoting directors; a provision in the event of a change in a department; and that nonvoting directors are not counted for purposes of a quorum .

**SECTION 12. CONFLICTS OF INTEREST; ONE-TIME AFFIDAVIT.** Provides for the procedures a board member must follow if the member has a conflict of interest with a matter before the board.

**SECTION 13. ADDITIONAL POWERS OF THE DISTRICT.** Provides that the district may also exercise the powers given to a corporation created under Section 4B, Development Corporation Act of 1979 and a housing finance corporation created under Chapter 394, Local Government Code.

**SECTION 14. AGREEMENTS; GRANTS.** (a) Provides that a 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.

**SECTION 15. LAW ENFORCEMENT SERVICES.** Authorizes the district, to protect the public interest, to contract with the municipality or the county for the municipality or the county to provide law enforcement services in the district for a fee.

**SECTION 16. NONPROFIT CORPORATION.** (a) Authorizes the board by resolution to 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.

(b) Requires the board to appoint the board of directors of a nonprofit corporation created under this section. Requires the board of directors of the nonprofit corporation to serve in the same manner, term, and conditions as a board of directors of a local government corporation created under Chapter 431, Transportation Code.

(c) Provides that a nonprofit corporation created under this section has the powers of and is considered for purposes of this Act to be a local government corporation created under Chapter 431, Transportation Code.

**SECTION 17. REQUIREMENTS FOR FINANCING SERVICES AND IMPROVEMENTS.** (a) Provides that the board may not finance a service or improvement project through an assessment under this Act unless a written petition requesting that service or improvement has been filed with the board. The petition must be signed by 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 for the county in which the property is located.

**SECTION 18. ELECTIONS.** (a) Requires the district to hold an election in accordance with Subchapter L, Chapter 375, Local Government Code, to obtain voter approval before the district imposes a maintenance tax or issue bonds payable from ad valorem taxes.

(b) Prohibits the board from submitting multiple purposes in a single proposition at an election.

(c) Provides that Sec. 375.463, Local Government Code, does not apply to the district.

**SECTION 19. MAINTENANCE TAX.** (a) Authorizes the district to impose 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 provide a service, if approved by an election held in accordance with Section 18.

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

**SECTION 20. ASSESSMENTS.** (a) Authorizes the board to impose and collect an assessment for any purpose authorized by this Act.

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

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

(d) Provides that the board may make corrections or deletions from the assessment roll without notice or a hearing as long as the corrections or deletions do not increase the amount of assessment on any one parcel of land.

**SECTION 21. UTILITIES.** Provides that a district may not impose an assessment or impact fee on the property, equipment, rights-of-way, facilities, or improvements, of an electric utility or power generation company, or of a person that provides to the public cable television or advanced telecommunications services.

**SECTION 22. BONDS.** (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 a bond or other obligation evidencing a proportionate interest in payments to be made by the district.

**SECTION 23. MUNICIPALITY NOT REQUIRED TO PAY DISTRICT OBLIGATIONS.** Provides that, except as provided by Section 375.263, Government Code, a municipality is not obligated to pay any bonds, notes, or other obligations of the district.

**SECTION 24. DISBURSEMENTS OR TRANSFERS OF MONEY.** Provides for the procedures required for a disbursement or transfer of the district's money.

**SECTION 25. COMPETITIVE BIDDING LIMIT.** Provides that the competitive bidding requirement

in Section 375.221, Local Government Code, only applies to a contract that has a value greater than \$15,000.

**SECTION 26. EXCEPTION FOR DISSOLUTION OF DISTRICT WITHOUTSTANDING DEBTS.**

(a) Authorizes the board to vote to dissolve a district that has debt. Requires the district, if the vote is in favor of dissolution, to remain in existence solely for the limited purpose of discharging the debts. Provides that the dissolution is effective when all debts have been discharged.

(b) Provides that Section 375.264 does not apply to the district.

**SECTION 27. TAX AND ASSESSMENT ABATEMENTS.** Authorizes the district to grant an abatement for a tax or assessment owed to the district without further authorization or other procedural requirements.

**SECTION 28. MEMBERSHIP IN CHARITABLE ORGANIZATIONS.** Authorizes the district to join and pay dues to a charitable organization, and perform services or provide activities consistent with the furtherance of the purposes of the district.

**SECTION 29. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.** Provides that the district is eligible for inclusion in a tax increment reinvestment zone created by the municipality under Chapter 311, Tax Code, a tax abatement reinvestment zone created by the municipality under Chapter 312, Tax Code, or an enterprise zone created by the municipality under Chapter 2303, Government Code.

**SECTION 30. ECONOMIC DEVELOPMENT PROGRAMS.** The district may establish or provide for the administration of one or more programs to promote state or local economic development and to stimulate business and commercial activity in the district. Provides that the district has all the powers and authority of a municipality under Chapter 380.

**SECTION 31. INITIAL DIRECTORS.** Provides the names of the initial board of directors for the district.

**SECTION 32. LEGISLATIVE FINDINGS.** Sets forth legislative findings regarding the fulfillment of procedural requirements with respect to the notice, introduction, and passage of this Act.

**SECTION 33. EFFECTIVE DATE.** Provides that the effective date will be upon passage or September 1, 2003.

**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**

The substitute modifies the original in the following ways: eliminates the restriction on the governing body of the City of Houston to only appoint directors from a list provided by the district's board; deletes the provision allowing for assessments to be authorized by a petition of only 25 property owners; prohibits the district's board from including more than one purpose in a proposition at election; and lowers the competitive bidding limit to \$15,000 from the original's \$25,000.