

1-1 By: Madla S.B. No. 1565
1-2 (In the Senate - Filed March 14, 2003; March 20, 2003, read
1-3 first time and referred to Subcommittee on Base Realignment and
1-4 Closure; April 7, 2003, reported adversely, with favorable
1-5 Committee Substitute to the Committee on Veteran Affairs and
1-6 Military Installations by the following vote: Yeas 2, Nays 0;
1-7 April 22, 2003, reported adversely, with favorable Committee
1-8 Substitute from the Committee on Veteran Affairs and Military
1-9 Installations by the following vote: Yeas 5, Nays 0;
1-10 April 22, 2003, sent to printer.)

1-11 COMMITTEE SUBSTITUTE FOR S.B. No. 1565 By: Madla

1-12 A BILL TO BE ENTITLED
1-13 AN ACT

1-14 relating to allowing a municipality to create a defense adjustment
1-15 management authority; authorizing taxes and bonds.

1-16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-17 SECTION 1. Chapter 375, Local Government Code, is amended
1-18 by adding Subchapter O to read as follows:

1-19 SUBCHAPTER O. DEFENSE ADJUSTMENT MANAGEMENT AUTHORITY

1-20 Sec. 375.301. LEGISLATIVE FINDINGS; PURPOSES. (a) The
1-21 legislature finds that:

1-22 (1) the closure of certain defense bases has had a
1-23 negative impact on the economic development of the areas within the
1-24 former defense bases and the areas in the general vicinity of the
1-25 former defense bases and that the creation of the specific type of
1-26 authority provided for in this subchapter is essential to
1-27 accomplish the purposes of Sections 52 and 52-a, Article III, and
1-28 Section 59, Article XVI, Texas Constitution;

1-29 (2) it is an appropriate role for a municipality to
1-30 foster economic opportunity, job generation, and capital
1-31 investment by promoting a favorable business climate, preparing the
1-32 workforce for productive employment, and supporting infrastructure
1-33 development in areas around defense bases that are intended to be
1-34 annexed by the municipality; and

1-35 (3) the programs designed to create a competent and
1-36 qualified workforce are essential both to the economic growth and
1-37 vitality of many municipalities in this state and to the
1-38 elimination of unemployment and underemployment in those
1-39 municipalities.

1-40 (b) The programs authorized by this subchapter are in the
1-41 public interest, promote the economic welfare of this state, and
1-42 serve the public purpose of developing and diversifying the economy
1-43 of this state and of eliminating unemployment and underemployment
1-44 in this state.

1-45 Sec. 375.302. CONSTRUCTION OF SUBCHAPTER. (a) This
1-46 subchapter shall be liberally construed in conformity with the
1-47 findings and purposes stated in Section 375.301.

1-48 (b) Except as provided by this subchapter, the other
1-49 provisions of this chapter apply to an authority created under this
1-50 subchapter.

1-51 Sec. 375.303. DEFINITIONS. In this subchapter:

1-52 (1) "Authority" means a defense adjustment management
1-53 authority created under this subchapter.

1-54 (2) "Eligible project" means a program authorized by
1-55 Section 379A.051 and a project as defined by Sections 2(11) and
1-56 4B(2), Development Corporation Act of 1979 (Article 5190.6,
1-57 Vernon's Texas Civil Statutes). Notwithstanding this definition,
1-58 seeking a charter for or operating an open-enrollment charter
1-59 school authorized by Subchapter D, Chapter 12, Education Code,
1-60 shall not be an eligible project.

1-61 Sec. 375.304. ELIGIBILITY FOR CREATION BY MUNICIPALITY.

1-62 (a) The governing body of a municipality by resolution or
1-63 ordinance may create an authority in an area that is:

2-1 (1) in the same county as a military installation or
2-2 facility that is:

2-3 (A) closed or realigned under the Defense Base
2-4 Closure and Realignment Act of 1990 (10 U.S.C. Section 2687 note)
2-5 and its subsequent amendments; or

2-6 (B) a base efficiency project as defined by
2-7 Section 378.001, as added by Chapter 1221, Acts of the 76th
2-8 Legislature, Regular Session, 1999;

2-9 (2) in the extraterritorial jurisdiction of a
2-10 municipality with a population of at least 1.1 million and that has
2-11 been annexed for limited purposes by the municipality under
2-12 Subchapter F, Chapter 43.

2-13 (b) Subchapter B and Sections 375.041 and 375.042 do not
2-14 apply to this subchapter.

2-15 Sec. 375.305. HEARING ON CREATION OF AUTHORITY. (a) Not
2-16 earlier than the 60th day or later than the 30th day before the date
2-17 the governing body of the municipality creates the authority, the
2-18 governing body of the municipality shall hold two public hearings
2-19 to consider the creation of the proposed authority. The
2-20 municipality must publish notice of each public hearing in a
2-21 newspaper of general circulation in the area of the proposed
2-22 authority at least seven days before each public hearing.

2-23 (b) The notice required by Subsection (a) must state:

2-24 (1) the date, time, and place for the public hearing;

2-25 (2) the boundaries of the proposed authority,
2-26 including a map of the proposed authority; and

2-27 (3) the powers of the proposed authority, including
2-28 the power to levy assessments and to impose a sales and use tax.

2-29 Sec. 375.306. BOARD OF DIRECTORS. (a) The board consists
2-30 of 15 directors.

2-31 (b) The municipality shall appoint six members of the board.

2-32 (c) The county in which the municipality is primarily
2-33 located shall appoint six members of the board.

2-34 (d) School districts whose boundaries overlap with an
2-35 authority shall collectively appoint three members of the board.

2-36 (e) Directors are appointed for terms of two years. Terms
2-37 of directors may be staggered, and directors may serve successive
2-38 terms.

2-39 (f) A vacancy on the board is filled for the unexpired term
2-40 by the governing body of the entity that appointed the director who
2-41 served in the vacant position.

2-42 (g) The mayor of the municipality and the county judge of
2-43 the county in which the authority is primarily located shall,
2-44 alternately, appoint one director to serve as presiding officer,
2-45 with the first appointment to be made by the mayor of the
2-46 municipality. The presiding officers shall serve for a term of four
2-47 years beginning on January 1 of the year following the appointment.
2-48 The board may elect an assistant presiding officer to preside in the
2-49 absence of the presiding officer or when there is a vacancy in that
2-50 office. The board may elect other officers as it considers
2-51 appropriate.

2-52 (h) Sections 375.061, 375.066, and 375.068 and the
2-53 limitations of Section 375.072(c) do not apply to this subchapter.

2-54 Sec. 375.307. QUALIFICATIONS OF DIRECTORS. (a) Except as
2-55 provided by Subsection (b), a majority of the directors of an
2-56 authority must meet the qualifications of Section 375.063.

2-57 (b) Representatives or agents of a school district whose
2-58 boundaries overlap with an authority or of an institution of higher
2-59 education that operates facilities within an authority may serve on
2-60 the board.

2-61 Sec. 375.308. POWERS OF THE AUTHORITY; MUNICIPALITY.

2-62 (a) An authority:

2-63 (1) may plan, design, implement, develop, construct,
2-64 and finance eligible projects as defined in this subchapter; and

2-65 (2) has the powers of a municipality under Chapters
2-66 378, as added by Chapter 1221, Acts of the 76th Legislature, Regular
2-67 Session, 1999, and Chapter 380.

2-68 (b) An authority may not:

2-69 (1) issue bonds or notes without the prior approval of

3-1 the governing body of the municipality that created the authority;
3-2 (2) seek a charter for or operate, within the
3-3 boundaries of the authority, an open-enrollment charter school
3-4 authorized by Subchapter D, Chapter 12, Education Code; or
3-5 (3) levy ad valorem property taxes.
3-6 (c) A municipality may not seek a charter for or operate an
3-7 open-enrollment charter school authorized by Subchapter D, Chapter
3-8 12, Education Code, within the boundaries of the authority.
3-9 Sec. 375.309. MUNICIPAL ANNEXATION OF AREA IN AN AUTHORITY.
3-10 (a) A municipality that creates an authority under this subchapter
3-11 may annex all or part of the territory located in the authority
3-12 under Chapter 43.
3-13 (b) Annexation of territory located in the authority does
3-14 not affect the operation of the authority.
3-15 (c) Creation of an authority does not:
3-16 (1) affect the power of the municipality to designate
3-17 all or part of an area in the authority as an industrial authority;
3-18 (2) limit a power of the municipality conferred by
3-19 Chapter 42; or
3-20 (3) impose a duty on or affect the power of the
3-21 municipality to provide municipal services to any area in the
3-22 municipality or its extraterritorial jurisdiction that is in the
3-23 authority.
3-24 Sec. 375.310. AUTHORITY MASTER PLAN. (a) An authority may
3-25 only develop or construct public improvements or eligible projects
3-26 in areas designated in an authority master plan approved by the
3-27 board and the governing body of the municipality that created the
3-28 authority.
3-29 (b) The authority master plan must include the information
3-30 required for a municipal reinvestment zone under Sections
3-31 311.011(b) and (c), Tax Code, for the area of the authority. For
3-32 the purposes of applying those sections, the area of the authority
3-33 affected constitutes a zone.
3-34 (c) The authority shall generate the authority master plan
3-35 based on the economic development needs of the property owners and
3-36 constituents in the authority.
3-37 (d) After approval by the board, the authority shall submit
3-38 the authority master plan to the municipality for approval. Before
3-39 taking action to approve or reject the authority master plan, the
3-40 municipality shall make a copy of the proposed authority master
3-41 plan available to the public and hold hearings and publish notice of
3-42 the hearings in the manner required by Section 375.305. The notice
3-43 of the public hearings must state where a copy of the proposed
3-44 authority master plan is available for inspection.
3-45 (e) The board may amend and submit the approved authority
3-46 master plan to the governing body of the municipality for approval.
3-47 (f) Before approving the authority's master plan or any
3-48 amendment, the municipality shall publish notice and hold hearings
3-49 as required by Subsection (d).
3-50 Sec. 375.311. SALES AND USE TAX. (a) An authority may
3-51 impose a sales and use tax to support or finance public
3-52 infrastructure projects and eligible projects authorized under
3-53 this subchapter if the tax is authorized by a majority of the
3-54 qualified voters of the authority voting at an election held for
3-55 that purpose in the manner provided by Sections 375.241 and
3-56 375.242.
3-57 (b) If an authority adopts the tax authorized by Subsection
3-58 (a), a tax is imposed on the receipts from the sale at retail of
3-59 taxable items within the authority at the rate approved by the
3-60 voters. The rate must be equal to one-eighth, one-fourth,
3-61 three-eighths, or one-half of one percent.
3-62 (c) Chapter 321, Tax Code, governs the imposition,
3-63 computation, administration, governance, and abolition of a tax
3-64 imposed under this section.
3-65 (d) If any territory in the authority is annexed by the
3-66 municipality, the municipality's sales and use tax applies in the
3-67 annexed area. If the authority's sales and use tax rate, when
3-68 combined with any other sales and use tax applicable in the
3-69 authority, exceeds two percent, the authority's sales and use tax

4-1 is abolished upon annexation.

4-2 Sec. 375.312. ZONING AND PLANNING. (a) An authority
4-3 created under this subchapter has the power of a municipality under
4-4 Chapters 211 and 212 in an area of the authority that is in the
4-5 boundaries of the municipality's limited purpose jurisdiction. On
4-6 annexation of an area of the authority by a municipality, the
4-7 authority's power to regulate the area under Chapter 211 or 212
4-8 expires.

4-9 (b) The board may divide the authority into distinct areas
4-10 as provided by Section 211.005 to accomplish the purposes of this
4-11 chapter and Chapter 211.

4-12 Sec. 375.313. REGIONAL DEVELOPMENT AGREEMENTS. (a) An
4-13 authority may enter into regional development agreements with its
4-14 creating municipality, other municipalities, counties, school
4-15 districts, institutions of higher education, other political
4-16 subdivisions, and private interests to:

4-17 (1) promote and advance long-term economic
4-18 development in the authority; or

4-19 (2) achieve the purposes for the authority's creation
4-20 and to implement the powers provided to the authority under this
4-21 chapter.

4-22 (b) An authority, a municipality, a school district whose
4-23 boundary overlaps with a portion of an authority, or an institution
4-24 of higher education may enter into an agreement to:

4-25 (1) fund improvements to school facilities and teacher
4-26 compensation of school districts or institutions of higher
4-27 education in the authority; and

4-28 (2) develop programs provided for in Section 379A.051.

4-29 (c) Any agreement entered into with a school district under
4-30 this section shall be designed in such a way that the school
4-31 district funding under Title 2, Education Code, shall be not less
4-32 than the school district would have received had the school
4-33 district not entered into the agreement. This provision may be
4-34 waived by a school district board of trustees by specific action
4-35 suspending the provisions of this subsection.

4-36 Sec. 375.314. DISSOLUTION OF THE AUTHORITY. (a) The
4-37 governing body of the municipality that created an authority under
4-38 this subchapter may dissolve the authority.

4-39 (b) Before dissolution, the municipality shall publish
4-40 notice and hold public hearings on the proposed dissolution in the
4-41 manner provided in Section 375.305.

4-42 (c) On dissolution, the municipality shall assume the
4-43 assets, debts, and other obligations of the authority.

4-44 (d) Subchapter M does not apply to this subchapter.

4-45 SECTION 2. This Act takes effect immediately if it receives
4-46 a vote of two-thirds of all the members elected to each house, as
4-47 provided by Section 39, Article III, Texas Constitution. If this
4-48 Act does not receive the vote necessary for immediate effect, this
4-49 Act takes effect September 1, 2003.

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