

AN ACT

relating to the creation of the Harborside Management District;  
providing authority to impose taxes and issue bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. CREATION OF DISTRICT. (a) The Harborside Management District is a special district created under Section 59, Article XVI, Texas Constitution.

(b) The board by resolution may change the name of the district.

SECTION 2. DEFINITIONS. In this Act:

(1) "Board" means the board of directors of the district.

(2) "District" means the Harborside Management 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

1 not be interpreted to relieve Galveston County or the City of  
2 Galveston from providing the level of services provided, as of the  
3 effective date of this Act, to the area in the district. The  
4 district is created to supplement and not to supplant the county or  
5 city services provided in the area in the district.

6 (d) By creating the district and in authorizing the City of  
7 Galveston, Galveston County, and other political subdivisions to  
8 contract with the district, the legislature has established a  
9 program to accomplish the public purposes set out in Section 52-a,  
10 Article III, Texas Constitution.

11 SECTION 4. BOUNDARIES. The district includes all the  
12 territory contained in the following described area:

13 BEGINNING at the intersection of the Southerly right-of-way line of  
14 Harborside Dr. and the Westerly right-of-way line of 77th Street;

15 THENCE proceeding in a Northerly direction a distance of  
16 approximately 6,414 feet, from said BEGINNING POINT, across  
17 Harborside Dr. along the Westerly right-of-way line of 77th Street  
18 and continuing beyond the street's terminus along a projection to a  
19 point for corner in Galveston Bay at the Southerly boundary of the  
20 Intercoastal Waterway;

21 THENCE in an Easterly direction a distance of approximately 9,827  
22 feet along the Southerly boundary of the Intercoastal Waterway to a  
23 point for a corner in the Bay where the Northerly projection of the  
24 Easterly right-of-way line of 57th Street intersects said Southerly  
25 Intercoastal Waterway boundary;

26 THENCE in a Southerly direction a distance of approximately 4,385  
27 feet along said Northerly projection of the Easterly right-of-way

1 line of 57th Street to a point for corner where said projection  
2 intersects the Southerly right-of-way of Harborside Dr.;  
3 THENCE in a Westerly direction a distance of approximately 8,697  
4 feet along the Southerly right-of-way of Harborside Dr. to the  
5 PLACE OF BEGINNING.

6 SECTION 5. FINDINGS RELATING TO BOUNDARIES. The boundaries  
7 and field notes of the district form a closure. If a mistake is made  
8 in the field notes or in copying the field notes in the legislative  
9 process, the mistake does not in any way affect the district's:

- 10 (1) organization, existence, or validity;  
11 (2) right to issue any type of bond for a purpose for  
12 which the district is created or to pay the principal of and  
13 interest on a bond;  
14 (3) right to impose or collect an assessment or tax; or  
15 (4) legality or operation.

16 SECTION 6. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

17 (a) The district is created to serve a public use and benefit. All  
18 the land and other property included in the district will be  
19 benefited by the improvements and services to be provided by the  
20 district under powers conferred by Sections 52 and 52-a, Article  
21 III, and Section 59, Article XVI, Texas Constitution, and other  
22 powers granted under this Act.

23 (b) The creation of the district is in the public interest  
24 and is essential to:

- 25 (1) further the public purposes of development and  
26 diversification of the economy of the state; and  
27 (2) eliminate unemployment and underemployment and

1 develop or expand transportation and commerce.

2 (c) The district will:

3 (1) promote the health, safety, and general welfare of  
4 residents, employers, employees, visitors, and consumers in the  
5 district and the general public;

6 (2) provide needed funding to preserve, maintain, and  
7 enhance the economic health and vitality of the district as a  
8 community and business center; and

9 (3) further promote the health, safety, welfare, and  
10 enjoyment of the public by providing pedestrian ways and by  
11 landscaping and developing certain areas in the district, which are  
12 necessary for the restoration, preservation, and enhancement of  
13 scenic beauty.

14 (d) Pedestrian ways along or across a street, whether at  
15 grade or above or below the surface, and street lighting, street  
16 landscaping, and street art objects are parts of and necessary  
17 components of a street and are considered to be a street or road  
18 improvement.

19 (e) The district will not act as the agent or  
20 instrumentality of any private interest even though many private  
21 interests will, as well as the general public, be benefited by the  
22 district.

23 SECTION 7. APPLICATION OF OTHER LAW. (a) Except as  
24 otherwise provided by this Act, Chapter 375, Local Government Code,  
25 applies to the district.

26 (b) Chapter 311, Government Code, applies to this Act.

27 SECTION 8. CONSTRUCTION OF ACT. This Act shall be liberally

1 construed in conformity with the findings and purposes stated in  
2 this Act.

3 SECTION 9. BOARD OF DIRECTORS IN GENERAL. (a) Except as  
4 provided by Subsection (c), the district is governed by a board of  
5 five voting directors appointed under Section 10 and nonvoting  
6 directors as provided by Section 11.

7 (b) Voting directors serve staggered terms of four years,  
8 with three directors' terms expiring June 1 of an odd-numbered year  
9 and two directors' terms expiring June 1 of the following  
10 odd-numbered year.

11 (c) The board may increase or decrease the number of  
12 directors on the board by resolution, provided that it is in the  
13 best interest of the district to do so and that the board consists  
14 of not fewer than five and not more than 15 directors.

15 SECTION 10. APPOINTMENT OF DIRECTORS. The governing body  
16 of the City of Galveston shall appoint voting directors to the  
17 board.

18 SECTION 11. NONVOTING DIRECTORS. (a) The following  
19 persons serve as nonvoting directors:

20 (1) the directors of the following departments of the  
21 City of Galveston or their designees:

- 22 (A) parks and recreation;
- 23 (B) planning and zoning; and
- 24 (C) public works; and

25 (2) the city manager of the City of Galveston or the  
26 city manager's designee.

27 (b) If an agency, department, or division described by

1 Subsection (a) is consolidated, renamed, or changed, the board may  
2 appoint a director of the consolidated, renamed, or changed agency,  
3 department, or division as a nonvoting director. If an agency,  
4 department, or division described by Subsection (a) is abolished,  
5 the board may appoint a representative of another agency,  
6 department, or division that performs duties comparable to those  
7 performed by the abolished entity.

8 (c) Nonvoting directors are not counted for the purposes of  
9 establishing a quorum of the board.

10 SECTION 12. CONFLICTS OF INTEREST; ONE-TIME AFFIDAVIT.

11 (a) Except as provided by this section:

12 (1) a director may participate in all board votes and  
13 decisions; and

14 (2) Chapter 171, Local Government Code, governs  
15 conflicts of interest for directors.

16 (b) Section 171.004, Local Government Code, does not apply  
17 to the district. A director who has a substantial interest in a  
18 business or charitable entity that will receive a pecuniary benefit  
19 from a board action shall file a one-time affidavit declaring the  
20 interest. An additional affidavit is not required if the  
21 director's interest changes. After the affidavit is filed with the  
22 board secretary, the director may participate in a discussion or  
23 vote on that action if:

24 (1) a majority of the directors have a similar  
25 interest in the same entity; or

26 (2) all other similar business or charitable entities  
27 in the district will receive a similar pecuniary benefit.

1 (c) A director who is also an officer or employee of a public  
2 entity may not participate in the discussion of or vote on a matter  
3 regarding a contract with that public entity.

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

8 SECTION 13. ADDITIONAL POWERS OF DISTRICT. The district  
9 may exercise the powers given to:

10 (1) a corporation under Section 4B, Development  
11 Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil  
12 Statutes), including the power to own, operate, acquire, construct,  
13 lease, improve, and maintain projects described by that section;

14 (2) a housing finance corporation created under  
15 Chapter 394, Local Government Code, to provide housing or  
16 residential development projects in the district;

17 (3) entities described in Chapters 441 and 284,  
18 Transportation Code, and may exercise those powers as if  
19 specifically named therein; and

20 (4) districts governed by Subchapters E and M, Chapter  
21 60, Water Code, and Section 61.116, Water Code.

22 SECTION 14. AGREEMENTS; GRANTS. (a) The district may make  
23 an agreement with or accept a gift, grant, or loan from any person.

24 (b) The implementation of a project is a governmental  
25 function or service for the purposes of Chapter 791, Government  
26 Code.

27 SECTION 15. LAW ENFORCEMENT SERVICES. To protect the

1 public interest, the district may contract with Galveston County or  
2 the City of Galveston to provide law enforcement services in the  
3 district for a fee.

4 SECTION 16. NONPROFIT CORPORATION. (a) The board by  
5 resolution may authorize the creation of a nonprofit corporation to  
6 assist and act on behalf of the district in implementing a project  
7 or providing a service authorized by this Act.

8 (b) The board shall appoint the board of directors of a  
9 nonprofit corporation created under this section. The board of  
10 directors of the nonprofit corporation shall serve in the same  
11 manner as the board of directors of a local government corporation  
12 created under Chapter 431, Transportation Code.

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

17 (d) A nonprofit corporation created under this section may  
18 implement any project and provide any service authorized by this  
19 Act.

20 SECTION 17. REQUIREMENTS FOR FINANCING SERVICES AND  
21 IMPROVEMENTS. The board may not finance a service or improvement  
22 project with assessments under this Act unless a written petition  
23 requesting that improvement or service has been filed with the  
24 board. The petition must be signed by the owners of a majority of  
25 the assessed value of real property in the district subject to  
26 assessment as determined by the most recent certified tax appraisal  
27 roll for Galveston County.

1 SECTION 18. ELECTIONS. (a) The district shall hold an  
2 election in the manner provided by Subchapter L, Chapter 375, Local  
3 Government Code, to obtain voter approval before the district  
4 imposes a maintenance tax or issues a bond payable from ad valorem  
5 taxes.

6 (b) The board may not include more than one purpose in a  
7 single proposition at an election.

8 (c) Section 375.243, Local Government Code, does not apply  
9 to the district.

10 SECTION 19. MAINTENANCE TAX. (a) If authorized at an  
11 election held in accordance with Section 18, the district may  
12 impose an annual ad valorem tax on taxable property in the district  
13 for the maintenance and operation of the district and the  
14 improvements constructed or acquired by the district or for the  
15 provision of services.

16 (b) The board shall determine the tax rate.

17 SECTION 20. ASSESSMENTS. (a) The board by resolution may  
18 impose and collect an assessment for any purpose authorized by this  
19 Act.

20 (b) Assessments, including assessments resulting from an  
21 addition to or correction of the assessment roll by the district,  
22 reassessments, penalties and interest on an assessment or  
23 reassessment, expenses of collection, and reasonable attorney's  
24 fees incurred by the district:

25 (1) are a first and prior lien against the property  
26 assessed;

27 (2) are superior to any other lien or claim other than

1 a lien or claim for county, school district, or municipal ad valorem  
2 taxes; and

3 (3) are the personal liability of and charge against  
4 the owners of the property even if the owners are not named in the  
5 assessment proceedings.

6 (c) A lien is effective from the date of the resolution of  
7 the board imposing the assessment until the date the assessment is  
8 paid. The board may enforce the lien in the same manner that the  
9 board may enforce an ad valorem tax lien against real property.

10 (d) Without necessity of notice and hearing in the manner  
11 required for additional assessments, the board may make corrections  
12 to or deletions from the assessment roll provided that such  
13 corrections or deletions do not increase the amount of assessment  
14 of any parcel of land.

15 SECTION 21. UTILITIES. The district may not impose an  
16 impact fee or assessment on the property, equipment, rights of way,  
17 facilities, or improvements of an electric utility or a power  
18 generation company as defined by Section 31.002, Utilities Code, a  
19 gas utility as defined by Section 101.003 or 121.001, Utilities  
20 Code, a telecommunications provider as defined by Section 51.002,  
21 Utilities Code, or of a person that provides to the public cable  
22 television or advanced telecommunications services. If the  
23 district, in the exercise of the powers conferred upon it herein,  
24 requires or requests the relocation, rerouting, or removal of  
25 electric, gas, water, sewer, communications, or other public  
26 utilities, as defined in Sections 31.002, 101.003, 121.001, and  
27 51.002, Utilities Code, such relocation, rerouting, or removal

1 shall be at the sole expense of the district.

2 SECTION 22. BONDS. (a) The district may issue bonds or  
3 other obligations payable in whole or in part from ad valorem taxes,  
4 assessments, impact fees, revenue, grants, or other money of the  
5 district, or any combination of those sources of money, to pay for  
6 any authorized purpose of the district.

7 (b) In exercising the district's borrowing power, the  
8 district may issue a bond or other obligation in the form of a bond,  
9 note, certificate of participation, or other instrument evidencing  
10 a proportionate interest in payments to be made by the district, or  
11 other type of obligation.

12 SECTION 23. MUNICIPALITY NOT REQUIRED TO PAY DISTRICT  
13 OBLIGATIONS. Except as provided by Section 375.263, Local  
14 Government Code, a municipality is not required to pay a bond, note,  
15 or other obligation of the district.

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

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

23 SECTION 26. EXCEPTION FOR DISSOLUTION OF DISTRICT WITH  
24 OUTSTANDING DEBT. (a) The board may vote to dissolve a district  
25 that has debt. If the vote is in favor of dissolution, the district  
26 shall remain in existence solely for the limited purpose of  
27 discharging its debts. The dissolution is effective when all debts

1 have been discharged.

2 (b) Section 375.264, Local Government Code, does not apply  
3 to the district.

4 SECTION 27. INITIAL DIRECTORS. (a) The initial board  
5 consists of the following persons:

6	Pos. No.	Name of Director
7	1	John Sullivan
8	2	Richard Ryan
9	3	John Kelso
10	4	Douglas Harris
11	5	Glenn Forman, Jr.

12 (b) Of the initial directors, the terms of directors  
13 appointed for positions 1 through 3 expire June 1, 2007, and the  
14 terms of directors appointed for positions 4 and 5 expire June 1,  
15 2005.

16 (c) Section 10 does not apply to this section.

17 (d) This section expires September 1, 2007.

18 SECTION 28. TAX AND ASSESSMENT ABATEMENTS. Without further  
19 authorization or other procedural requirement, the district may  
20 grant, consistent with Chapter 312, Tax Code, an abatement for a tax  
21 or assessment owed to the district.

22 SECTION 29. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. The  
23 district may join and pay dues to an organization that enjoys  
24 tax-exempt status under Section 501(c)(3), (4), or (6), Internal  
25 Revenue Code of 1986, as amended, and that performs services or  
26 provides activities consistent with the furtherance of the purposes  
27 of the district. An expenditure of public money for membership in

1 the organization is considered to further the purposes of the  
2 district and to be for a public purpose.

3 SECTION 30. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.

4 All or any part of the area of the district is eligible,  
5 notwithstanding other statutory criteria, to be included in a tax  
6 increment reinvestment zone created by the City of Galveston under  
7 Chapter 311, Tax Code, or included in a tax abatement reinvestment  
8 zone created by the City of Galveston under Chapter 312, Tax Code.  
9 All or any part of the area of the district is also eligible to be  
10 included in an enterprise zone created by the City of Galveston  
11 under Chapter 2303, Government Code.

12 SECTION 31. ECONOMIC DEVELOPMENT PROGRAMS. The district

13 may establish and provide for the administration of one or more  
14 programs, including programs for making loans and grants of public  
15 money and providing personnel and services of the district, to  
16 promote state or local economic development and to stimulate  
17 business and commercial activity in the district. The district has  
18 all of the powers and authority of a municipality under Chapter 380,  
19 Local Government Code.

20 SECTION 32. LEGISLATIVE FINDINGS. The legislature finds

21 that:

22 (1) proper and legal notice of the intention to  
23 introduce this Act, setting forth the general substance of this  
24 Act, has been published as provided by law, and the notice and a  
25 copy of this Act have been furnished to all persons, agencies,  
26 officials, or entities to which they are required to be furnished by  
27 the constitution and laws of this state, including the governor,

1 who has submitted the notice and Act to the Texas Commission on  
2 Environmental Quality;

3 (2) the Texas Commission on Environmental Quality has  
4 filed its recommendations relating to this Act with the governor,  
5 lieutenant governor, and speaker of the house of representatives  
6 within the required time;

7 (3) the general law relating to consent by political  
8 subdivisions to the creation of districts with conservation,  
9 reclamation, and road powers and the inclusion of land in those  
10 districts has been complied with; and

11 (4) all requirements of the constitution and laws of  
12 this state and the rules and procedures of the legislature with  
13 respect to the notice, introduction, and passage of this Act have  
14 been fulfilled and accomplished.

15 SECTION 33. EFFECTIVE DATE. This Act takes effect  
16 immediately if it receives a vote of two-thirds of all the members  
17 elected to each house, as provided by Section 39, Article III, Texas  
18 Constitution. If this Act does not receive the vote necessary for  
19 immediate effect, this Act takes effect September 1, 2003.

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 1912 passed the Senate on May 12, 2003, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 30, 2003, by the following vote: Yeas 31, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 1912 passed the House, with amendment, on May 28, 2003, by the following vote: Yeas 144, Nays 0, two present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor