

By: Jackson

S.B. No. 1926

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the creation of the Galveston Economic Development
3 District; providing authority to impose taxes and issue bonds.

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

5 SECTION 1. CREATION OF DISTRICT. (a) The Galveston
6 Economic Development District is created as a special district
7 under Section 52, Article III, and Section 59, Article XVI, Texas
8 Constitution.

9 (b) The board by resolution may change the district's name.

10 SECTION 2. DEFINITIONS. In this Act:

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

13 (2) "District" means the Galveston Economic
14 Development District.

15 (3) "Port" means the Galveston Wharves entity created
16 by the charter of the City of Galveston.

17 SECTION 3. DECLARATION OF INTENT. (a) The creation of
18 the district is essential to accomplish the purposes of Sections 52
19 and 52-a, Article III, and Section 59, Article XVI, Texas
20 Constitution, and other public purposes stated in this Act. By
21 creating the district and in authorizing the City of Galveston,
22 Galveston County, and other political subdivisions to contract with
23 the district, the legislature has established a program to
24 accomplish the public purposes set out in Section 52-a, Article

1 III, Texas Constitution.

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

6 (c) The creation of the district and this legislation may
7 not be interpreted to relieve Galveston County or the City of
8 Galveston from providing the level of services, as of the effective
9 date of this Act, to the area in the district or to release the
10 county or the city from the obligations each entity has to provide
11 services to that area. The district is created to supplement and
12 not to supplant the county or city services provided in the area in
13 the district.

14 SECTION 4. BOUNDARIES. The district includes all the
15 territory contained within the following described area in
16 Galveston County:

17 Starting at a point in the boundaries of the Galveston
18 Navigation District No. 1 ("Navigation District") at the
19 intersection of the Houston Ship Channel, the Texas City Ship
20 Channel and the Galveston Ship Channel;

21 Thence Northwest along the Texas City Ship Channel and a NW
22 boundary of Navigation District to the most northerly point of the
23 Navigation District; Thence South 332 degrees 54 minutes 06 seconds
24 West to the most southerly line of the BN & SF railroad line on the
25 Bridge crossing Galveston Bay to Galveston Island;

26 Thence Southwest and westerly along said most Southerly line
27 of the BN & SF railroad line to a cross street to be identified;

1 Thence Northerly to the northerly right of line of Harborside
2 Drive;

3 Thence along the northerly right of way of Harborside Drive
4 (skirting the residential area) to the place of beginning.

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

9 (1) organization, existence, or validity;

10 (2) right to issue any type of bond for a purpose for
11 which the district is created or to pay the principal of and
12 interest on a bond;

13 (3) right to impose or collect an assessment; or

14 (4) legality or operation.

15 SECTION 6. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) The
16 district is created to serve a public use and benefit.

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

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

24 (1) further the public purposes of the development and
25 diversification of the economy of the state;

26 (2) eliminate unemployment and underemployment; and

27 (3) develop or expand transportation and commerce.

1 (d) The district will:

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

5 (2) provide needed funding for the area in the
6 district to preserve, maintain, and enhance the economic health and
7 vitality of the area as a port and a community and business center.

8 (e) The district will not act as the agent or
9 instrumentality of any private interest even though the district
10 will benefit many private interests as well as the public.

11 SECTION 7. APPLICABILITY OF OTHER LAW. (a) Except as
12 otherwise provided by this Act, Chapter 375, Local Government Code,
13 applies to the district.

14 (b) Chapter 311, Government Code (Code Construction Act),
15 applies to this Act.

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

19 SECTION 9. BOARD OF DIRECTORS IN GENERAL. (a) The district
20 is governed by a board of seven voting directors. Five directors
21 serve ex officio as provided by Section 10 of this Act and two
22 directors are appointed as provided by Section 11 of this Act.

23 (b) A director may not receive compensation but may be
24 reimbursed for expenses.

25 (c) If an entity described in Section 10 or 11 of this Act is
26 consolidated, renamed, or changed, the board may appoint a director
27 from the consolidated, renamed, or changed entity. If an entity

1 described by Section 10 or 11 of this Act is abolished, the board
2 may appoint a representative of another entity that performs duties
3 comparable to those performed by the abolished entity.

4 (d) Section 375.064 does not apply to the district.

5 SECTION 10. EX OFFICIO DIRECTORS. (a) The following shall
6 serve as ex officio directors for the district:

7 (1) the mayor of the City of Galveston in position
8 number 1;

9 (2) the mayor pro tem of the City of Galveston in
10 position number 2;

11 (3) the presiding officer of the governing body of the
12 port in position number 3;

13 (4) the vice presiding officer of the governing body
14 of the port in position number 4; and

15 (5) the president of the board of directors of the
16 Galveston Navigation District in position number 5.

17 (b) A director who serves ex officio shall serve as an
18 additional duty of the public office that the person holds and may
19 vote on all matters of the board unless disqualified because of a
20 conflict of interest.

21 (c) A director serving ex officio serves as long as the
22 director holds the office described in Subsection (a). If the
23 director ceases to hold the office described in Subsection (a), the
24 person who holds that office becomes the ex officio director for
25 that office.

26 SECTION 11. APPOINTED DIRECTORS; TERM. (a) The following
27 directors shall be appointed to serve as directors by majority vote

1 of the mayor and other members of the governing body of the City of
2 Galveston in their sole discretion without the need to receive
3 recommendations from the existing board:

4 (1) a representative of the Galveston Economic
5 Development Corporation in position number 6; and

6 (2) a representative of port industries in position
7 number 7.

8 (b) A person may not be appointed to the board unless that
9 person resides in the City of Galveston.

10 (c) The term of an appointed director is four years.

11 (d) The governing body of the City of Galveston shall make
12 the initial appointments under this section as soon as practicable
13 after the effective date of this Act. The term of an initial
14 appointment expires on June 1, 2005. This subsection expires June
15 2, 2005.

16 SECTION 12. COMPENSATION. A director may not receive
17 compensation but may be reimbursed for expenses.

18 SECTION 13. CONFLICTS OF INTEREST; ONE-TIME AFFIDAVIT. (a)
19 Except as provided in this section:

20 (1) a director may participate in all board votes and
21 decisions; and

22 (2) Chapter 171, Local Government Code, governs
23 conflict of interest for board members.

24 (b) Section 171.004, Local Government Code, does not apply
25 to the district. A director who has a substantial interest in a
26 business or charitable entity that will receive a pecuniary benefit
27 from a board action shall file a one-time affidavit declaring the

1 interest. An ex officio director is not required to file an
2 affidavit describing service as a public official. An additional
3 affidavit is not required if the director's interest changes.
4 After the affidavit is filed with the board secretary, the director
5 may participate in a discussion or vote on that action if:

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

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

10 (c) A director who is also an officer or employee of a public
11 entity may participate in the discussion of and vote on a matter
12 regarding a contract with that same public entity.

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

17 SECTION 14. ADDITIONAL POWERS OF DISTRICT. The district
18 may exercise the powers given to:

19 (1) a corporation created under Section 4B,
20 Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas
21 Civil Statutes);

22 (2) a county under Chapter 284, Transportation Code;

23 (3) a rural rail transportation district created under
24 Chapter 623, Acts of the 67th Legislature, Regular Session, 1981
25 (Article 6550c, Vernon's Texas Civil Statutes);

26 (4) a road utility district under Chapter 441,
27 Transportation Code; and

1 (5) a navigation district under Subchapters E and M,
2 Chapter 60, Water Code, and Section 61.116, Water Code.

3 SECTION 15. TELECOMMUNICATIONS. The district may acquire,
4 operate, or maintain a telecommunication network or fiber optic
5 cables or transmission lines and construct conduits and charge fees
6 for their use.

7 SECTION 16. AGREEMENTS; GRANTS. (a) The district may make
8 an agreement with or accept a donation, grant, or loan from any
9 person.

10 (b) The district may enter into a procurement contract in
11 the same manner that the City of Galveston may enter into a
12 procurement contract.

13 (c) Section 375.221, Local Government Code, applies to the
14 district only for a contract that has a value greater than \$25,000.

15 (d) The implementation of a project is a governmental
16 function or service for the purposes of Chapter 791, Government
17 Code.

18 SECTION 17. NONPROFIT CORPORATION. (a) The board by
19 resolution may authorize the creation of a nonprofit corporation to
20 assist and act on behalf of the district in implementing a project
21 or providing a service authorized by this Act.

22 (b) The board shall appoint the board of directors of a
23 nonprofit corporation created under this section. The board of
24 directors of the nonprofit corporation shall serve in the same
25 manner as a board of directors of a local government corporation
26 created under Chapter 431, Transportation Code.

27 (c) A nonprofit corporation created under this section has

1 the powers of and is considered for purposes of this Act to be a
2 local government corporation created under Chapter 431,
3 Transportation Code.

4 (d) A nonprofit corporation created under this section may
5 implement any project and provide any service authorized by this
6 Act.

7 SECTION 18. ANNEXATION. The district may annex territory:

8 (1) as provided by Subchapter C, Chapter 375, Local
9 Government Code, if the owners of the land petition for annexation
10 and the City of Galveston consents to the annexation; or

11 (2) in the City of Galveston, at the request of the
12 city and after a determination by the board that the annexation will
13 be beneficial to the district and to the territory proposed to be
14 annexed.

15 SECTION 19. REQUIREMENTS FOR FINANCING SERVICES AND

16 IMPROVEMENTS. (a) The board may not finance a service or
17 improvement project under this Act unless the governing body of the
18 City of Galveston and the governing body of the port request the
19 improvement or service.

20 (b) A petition of property owners is not required to finance
21 services or improvements or levy assessments or impose impact fees
22 or charges.

23 SECTION 20. MUNICIPAL APPROVAL. The district may not
24 impose an assessment or issue obligations unless the governing body
25 of the City of Galveston approves.

26 SECTION 21. ASSESSMENTS. (a) The board by resolution may
27 impose and collect an assessment for any purpose authorized by this

1 Act.

2 (b) An assessment, a reassessment, or an assessment
3 resulting from an addition to or correction of the assessment roll
4 by the district, penalties and interest on an assessment or
5 reassessment, expenses of collection, and reasonable attorney's
6 fees incurred by the district:

7 (1) are a first and prior lien against any private
8 property assessed;

9 (2) are superior to any other lien or claim other than
10 a lien or claim for county, school district, or municipal ad valorem
11 taxes; and

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

15 (c) The district may impose an assessment on any public or
16 private property in the district including the property of
17 charitable corporations and the property of the City of Galveston,
18 the port, or any other political subdivision but an assessment
19 against public property does not create a lien against the property
20 and is enforceable only by an action at law.

21 (d) A lien against private property is effective from the
22 date of the board's resolution imposing the assessment until the
23 date the assessment is paid. The board may enforce the lien in the
24 same manner that the board may enforce an ad valorem tax lien
25 against real property.

26 SECTION 22. UTILITIES. The district may not impose an
27 assessment or impact fee on the property of a utility that provides

1 to the public gas, electricity, telephone, sewage, or water
2 service.

3 SECTION 23. OBLIGATIONS. (a) The district may issue bonds
4 or other obligations payable wholly or partly from assessments,
5 impact fees, revenue, grants, or other money of the district, or any
6 combination of those sources of money, to pay for any authorized
7 purpose of the district.

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

13 SECTION 24. MUNICIPALITY NOT REQUIRED TO PAY DISTRICT
14 OBLIGATIONS. Except as provided by Section 375.263, Local
15 Government Code, the City of Galveston is not obligated to pay any
16 bonds, notes, or other obligations of the district.

17 SECTION 25. DISBURSEMENTS OR TRANSFERS OF FUNDS. The board
18 by resolution shall establish the number of directors' signatures
19 and the procedure required for a disbursement or transfer of the
20 district's money.

21 SECTION 26. DISSOLUTION OF DISTRICT. (a) The governing
22 body of the City of Galveston may dissolve the district as provided
23 by Section 375.263(a), Local Government Code, except that only a
24 majority vote is required to adopt the ordinance.

25 (b) Section 375.262, Local Government Code, does not apply
26 to the district.

27 SECTION 27. ADDITIONAL LEGISLATIVE FINDINGS. The

1 legislature finds that:

2 (1) proper and legal notice of the intention to
3 introduce this Act, setting forth the general substance of this
4 Act, has been published as provided by law, and the notice and a
5 copy of this Act have been furnished to all persons, agencies,
6 officials, or entities to which they are required to be furnished by
7 the constitution and laws of this state, including the governor,
8 who has submitted the notice and Act to the Texas Commission on
9 Environmental Quality;

10 (2) the Texas Commission on Environmental Quality has
11 filed its recommendations relating to this Act with the governor,
12 lieutenant governor, and speaker of the house of representatives
13 within the required time;

14 (3) the general law relating to consent by political
15 subdivisions to the creation of districts with conservation,
16 reclamation, and road powers and the inclusion of land in those
17 districts has been complied with; and

18 (4) all requirements of the constitution and laws of
19 this state and the rules and procedures of the legislature with
20 respect to the notice, introduction, and passage of this Act have
21 been fulfilled and accomplished.

22 SECTION 28. EFFECTIVE DATE. This Act takes effect
23 immediately if it receives a vote of two-thirds of all the members
24 elected to each house, as provided by Section 39, Article III, Texas
25 Constitution. If this Act does not receive the vote necessary for
26 immediate effect, this Act takes effect September 1, 2003.