

BILL ANALYSIS

C.S.H.B. 3492
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Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Municipal Management Districts, if properly created and maintained, have been hugely successful in encouraging redevelopment in undeveloped areas within many Texas municipalities.

C.S.H.B. 3492 creates Pearland Municipal Management District No. 1, located entirely within the City of Pearland, or its extraterritorial district, and Harris County primarily for the development of commercial development within the boundaries of the district. The district includes only commercial property and may issue bonds, impose an annual ad valorem tax on taxable property, and may impose and collect an assessment on those properties.

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.

ANALYSIS

C.S.H.B. 1819 adds Chapter 3838, Special District Local Laws Code, to create the Pearland Municipal Management District No. 1.

Subchapter A establishes general provisions including stating the public benefits of the creation of the district including establishing an economic climate that encourages sustained growth. The bill states that the district will benefit from the improvements and services to be provided by the district under powers conferred to management districts under Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, establishes the general purposes of the district, and that the district is ruled by the general provisions of Chapter 375, Local Government Code. The subchapter also establishes that all or part of the district is eligible for inclusion in a tax increment reinvestment zone, tax abatement reinvestment zone, or enterprise zone created by the City of Pearland.

Subchapter B creates a board consisting of 5 members serving staggered 4 year terms. The bill appoints initial board members and allows the City of Pearland to appoint the directors of the board from a list recommended by the board for any vacant board positions. Board members are selected by majority vote of the mayor and city council of the city.

Subchapter C establishes that the district may exercise the powers of a 4B corporation and may create a nonprofit corporation to assist the district in implementing a project or provide services of the district. The district may contract for law enforcement and establish programs to stimulate business and commercial activity in the district by making loans and grants of public money and provide district personnel and services under Chapter 380, Local Government Code.

Subchapter D authorizes the district to acquire, build, and maintain parking facilities or authorized an entity to do the same. The district may use its resources to pay the costs of the public parking facility and may issue bonds or notes to finance the cost of these facilities.

Subchapter E requires that the district obtain signed approval of a project financed by assessment from the owners of a majority of the assessed value of real property in the district subject to assessment. The district may acquire, construct, finance, operate, or maintain any improvement or service authorized under this chapter or Chapter 375, Local Government Code. The board

may impose a lien on a property for the recovery of an assessment and describes restrictions for imposing a lien. The district, at a rate determined by the board, may impose an ad valorem tax if authorized by an election to administer the district, maintain and operate the district, construct or acquire improvements, or provide a service. The district may issue bonds or other obligations payable by assessments, impact fees, or other money of the district in exercising the district's power to borrow. Before issuing a bond payable from ad valorem taxes or imposing a maintenance tax, the district shall hold an election described by Chapter 49 and 54, Water Code. the district may also grant an abatement for a tax or assessment owed to the district.

Subchapter F authorizes the district to impose a one-half of one percent sales and use tax for the benefit of the district, proscribes a process for holding an election to adopt this tax on the district, and a process for abolishing the sales and use tax.

EFFECTIVE DATE

This Act takes effect September 1, 2005 or immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute version of the bill removes mention of the purpose of providing benefits to a residential neighborhood, specifically applies the establishment of this district to Chapter 375, Local Government Code, and removes language allowing the property owners to submit a list of proposed directors to the City Council and Mayor of Pearland. In addition, the substitute removes the requirement for board members to file conflicts of interest statements, includes initial board directors, and authorizes a district to acquire, construct, finance, operate, or maintain any improvement or service authorized under this chapter or Chapter 375, Local Government Code. The substitute requires bidding procedures to be the same as required of local government corporations created under the Transportation Code, authorizes the district to grant an abatement for a tax or assessment owed to the district, and specifically requires a sales and use tax to serve the purposes of the district rather than just benefiting the district.