

BILL ANALYSIS

C.S.H.B. 3518
By: Coleman
County Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

C.S.H.B. 3518 creates the Harris County Improvement District No. 6. The purpose of this legislation is to create a management district in the East Montrose area of Houston, Texas. This area consists of a combination of single family homes, condominiums, apartments, various arts and cultural venues and commercial development. The management district will be used to preserve the artistic and cultural character of the district; improve safety and security in the community; and beautify the community in order to maintain and increase property values; provide investment opportunities and enhance the quality of life for residents, business owners and customers.

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

SECTION 1. Amends Title 4, Special District Local Laws Code by adding Chapter 3843 to create Harris County Improvement District No. 6.

Subchapter A deals with the General Provisions of this Act. It begins with definitions and also defines the district as a governmental agency and political subdivision of this state. The purpose of the district is to promote employment, commerce, transportation, housing, economic development, as well as other purposes including enhancing the public welfare of the district, and the creation of the district is found to be essential to furthering these purposes. The district is a governmental unit the operations of which are essential government functions, not proprietary functions that Chapter 101, Civil Practice and Remedies Code would be applicable to. All or any part of the district is eligible to be included in a City of Houston tax increment reinvestment zone. This chapter shall be liberally construed to fulfill the purposes stated in this Act.

Subchapter B deals with the Board of Directors of the district. It defines a board of 11 directors serving staggered four-year terms. The board may increase or decrease the number of directors on the board to no more than 15 and no fewer than five directors. Sections 49.053 - 49.058 and 49.060, Water Code, as well as Subchapter D, Chapter 375, Local Government Code, will govern the operations of the Board of Directors. This subchapter also establishes the initial Board of Directors.

Subchapter C deals with the Powers and Duties of the district. This subchapter ensures that the district has all powers necessary to accomplish the purposes for which the district was created. These powers include those given to a district by Chapter 375, Local Government Code; the powers, duties, and contracting authority specified by Subchapters H and I, Chapter 49, Water Code; the powers given to a corporation under Section 4B, Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes), including the power to own, operate, acquire, construct, lease, improve, and maintain projects; and the powers of a housing finance corporation given under Chapter 394, Local Government Code. The board also may authorize the creation of a nonprofit corporation to assist and act for the district in implementing a project or providing a service authorized by this chapter. The nonprofit corporation is required to be considered a local government corporation created under Chapter 431, Transportation Code, and is required to have a board of directors appointed by the board of this district. District elections are required to be held in compliance with Subchapter L, Chapter 375, Local Government Code.

The district is authorized to contract out law enforcement to a public or private entity, and it may annex or exclude land from the district according to Subchapter C, Chapter 375, Local Government Code. The district may not exercise the power of eminent domain.

Subchapter D deals with the Public Transit System and Parking Facilities. The district is authorized to, after having a petition signed by the owners of a majority of the assessed value or area of the real property in the district that abuts the right-of-way of the proposed public transit system, establish in the ways noted by this section a public transit system to serve the district. Additionally, the district may establish parking facilities. Section 3843.153, Rules, is the part of this Act that authorizes the district to adopt rules covering its public transit system or public parking facilities, except rules relating to or affecting the use of the public right-of-way or off-street parking, which are subject to the applicable municipal charter, code, or ordinance requirements. The district is authorized to use any of its financial resources, as well as issuing bonds or notes, to pay the cost of acquiring and operating the transit system or parking facilities, and it is also authorized to set fees for the use of these. Except for the petition authorizing the transit or parking facilities, the district is not required to petition the property owners or hold a public hearing if the district pays for or finances the costs of acquiring those with resources other than assessments. If the district's acquisition of property for a parking facility that is leased to or operated by a private entity results in the loss of ad valorem taxation by a taxing unit, each year the district must pay to that taxing unit an amount equal to the ad valorem taxes that otherwise would have been imposed.

Subchapter E deals with Financial Provisions. The district is authorized to impose ad valorem assessments, ad valorem taxes, and impact fees for the purposes for which the district has been established as well as to maintain the districts and improvements to the district. The board is required to determine the tax rate. The board must have a petition signed by the owners of a majority of the assessed value or area of the district in order to impose an assessment or finance a service or improvement project under this chapter, or by at least 25 persons who own real property in the district. A lien may be attached to the property to recover payment of an assessment imposed on the property under this chapter. The district is prohibited from imposing an impact fee or assessment on the property, including equipment or facilities, of an electric utility, gas utility, telecommunications provider, or cable operator. The district may issue bonds, notes, or other debt obligations in accordance with Subchapters I and J, Chapter 375, Local Government Code.

Subchapter F deals with the dissolution of the district. The district may be dissolved, but it will remain in existence for the sole purpose of discharging its bonds or other obligations according to their terms.

SECTION 2. Boundaries of the district.

SECTION 3. Legislative findings: (1) proper notice of the intention to introduce this Act, and copies of this Act, have been furnished to all persons, agencies, officials, or entities that the constitution and laws of this state require; (2) the Texas Commission on Environmental Quality has filed its recommendations relating to this Act to the governor, lieutenant governor, and speaker of the house of representatives within the required time; (3) general law relating to consent by political subdivisions to the creation of districts having the powers of this district has been complied with; (4) all requirements of the constitution and laws of Texas, as well as the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act, have been fulfilled and accomplished.

SECTION 4. Effective date.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute modifies the original bill by increasing the number of directors on the board from 5 to 11 and adding the names of the initial directors.

The substitute also increases the number of directors to which the board may increase its size from 9 to 15.