

## **BILL ANALYSIS**

Senate Research Center  
79R14432 MXM-F

H.B. 3526  
By: Hochberg (Ellis)  
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Engrossed

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

Rapid growth and development in the Sharpstown area has created a vital need for municipal improvements, yet the area is unlikely to receive the influx of funds it needs for redevelopment. An existing public improvement district, the Sharpstown Public Improvement District (PID), provides some of the needed supplemental services and is in need of an area expansion to serve a larger area. Municipal management districts have been successful in supplementing the needs of many areas within larger Texas cities and have been successful, when managed correctly, at increasing property values and facilitating new development and investment.

H.B. 3526 creates the Greater Sharpstown Management District and enables the supplemental services currently being provided in the Sharpstown area by the Sharpstown Public Improvement District to be expanded to a greater area, with the dissolution of the PID. It gives the area the power to improve economic stability and encourage revitalization and reinvestment in the Sharpstown area.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subtitle C, Title 4, Special District Local Laws Code, by adding Chapter 3850, as follows:

#### CHAPTER 3850. GREATER SHARPSTOWN MANAGEMENT DISTRICT

##### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3850.001. DEFINITIONS. Defines "board" and "district."

Sec. 3850.002. GREATER SHARPSTOWN MANAGEMENT DISTRICT. Provides that the Greater Sharpstown Management District (district) is a special district created under Section 59, Article XVI, Texas Constitution.

Sec. 3850.003. PURPOSE; DECLARATION OF INTENT. Sets forth purposes for the creation of the district. Prohibits this chapter and the creation of the district from being interpreted to relieve Harris County or the City of Houston from providing the level of services provided as of the effective date of this Act, to the area in the district.

Sec. 3850.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) Provides that the district is created to serve a public use and benefit.

(b) Provides that all land and other property included in the district will benefit from the improvements and services to be provided by the district under powers conferred by Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other powers granted under this chapter.

(c) Provides that the creation of the district is in the public interest and is essential to achieve specific goals.

(d) Sets forth the functions of the district.

(e) Provides that pedestrian ways along or across a street, whether at grade or above or below the surface, and street lighting, street landscaping, and street art objects are parts of and necessary components of a street and are considered to be a street or road improvement.

(f) Prohibits the district from acting as the agent or instrumentality of any private interest even though the district will benefit many private interests as well as the public.

Sec. 3850.005. PARKING. Provides that a parking improvement is considered to be a street or road improvement.

Sec. 3850.006. DISTRICT TERRITORY. (a) Provides that the district is composed of the territory described by Section 2 of the Act enacting this chapter, as that territory may have been modified under certain chapters.

(b) Provides that the boundaries and field notes of the district contained in Section 2 of the Act enacting this chapter form a closure. Provides that a mistake in the field notes or in copying the field notes in the legislative process does not in any way affect specific aspects of the district.

Sec. 3850.007. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. Sets forth zones in which all or any part of the area of the district is eligible to be included.

Sec. 3850.008. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICTS LAW. Provides that except as otherwise provided by this chapter, Chapter 375 (Municipal Management Districts in General), Local Government Code, applies to the district.

Sec. 3850.009. LIBERAL CONSTRUCTION OF CHAPTER. Requires this chapter to be liberally construed in conformity with the findings and purposes stated in this chapter.

[Reserves Sections 3850.010-3850.050 for expansion.]

#### SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3850.051. BOARD OF DIRECTORS; TERMS. (a) Provides that the district is governed by a board of nine voting directors who serve staggered terms of four years, with four or five directors' terms expiring June 1 of each odd-numbered year.

(b) Authorizes the board, by resolution, to change the number of voting directors on the board, but only if the board determines that the change is in the best interest of the district. Prohibits the board from consisting of fewer than five or more than 15 voting directors.

Sec. 3850.052. APPOINTMENT OF DIRECTORS. Requires the mayor and members of the governing body of the City of Houston to appoint voting directors from persons recommended by the board. Provides that a person is appointed if a majority of the members of the governing body, including the mayor, vote to appoint that person.

Sec. 3850.053. NONVOTING DIRECTORS. Sets forth the persons to serve as nonvoting directors. Authorizes the board to appoint a director of the consolidated, renamed, or changed department as a nonvoting director if a department described by Subsection (a) is consolidated, renamed, or changed. Authorizes the board to appoint a representative of another department that performs duties comparable to those performed by the abolished department if a department described by Subsection (a) is abolished.

Sec. 3850.054. QUORUM. Sets forth those positions that are not counted for purposes of determining whether a quorum of the board is present.

Sec. 3850.055. INITIAL VOTING DIRECTORS. Sets forth the persons appointed to the initial board. Sets forth terms for the initial voting directors. Provides that Section 3850.052 does not apply to this section. Provides that this section expires September 1, 2009.

[Reserves Sections 3850.056-3850.100 for expansion.]

#### SUBCHAPTER C. POWERS AND DUTIES

Sec. 3850.101. EXERCISE OF POWERS OF DEVELOPMENT CORPORATION. Authorizes the district to exercise the powers of a corporation created under Section 4B, Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.), including the power to own, operate, acquire, construct, lease, improve, and maintain projects described by that section.

Sec. 3850.102. NONPROFIT CORPORATION. (a) Authorizes the board, by resolution, to 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.

(b) Sets forth duties of the nonprofit corporation.

(c) Requires the board to appoint the board of directors of the nonprofit corporation. Requires the board of directors of the nonprofit corporation to serve in the same manner as the board of directors of a local government corporation created under Chapter 431 (Texas Transportation Corporation Act), Transportation Code, except that a board member is not required to reside in the district.

Sec. 3850.103. AGREEMENTS; GRANTS. Authorizes the district to make an agreement with or accept a gift, grant, or loan from any person. Provides that the implementation of a project is a governmental function or service for the purposes of Chapter 791 (Interlocal Cooperation Contracts), Government Code.

Sec. 3850.104. AUTHORITY TO CONTRACT FOR LAW ENFORCEMENT. Authorizes the district to contract with a law enforcement services provider, including Harris County or the City of Houston, to provide law enforcement services in the district for a fee to protect the public interest.

Sec. 3850.105. APPROVAL BY CITY OF HOUSTON. (a) Requires the district to obtain the approval of the City of Houston's governing body for specific purposes, except as provided by Subsection (c).

(b) Requires the approval obtained under Subsection (a) for the issuance of bonds to be a resolution by the City of Houston. Requires the approval obtained under Subsection (a) for plans and specifications to be a permit issued by the City of Houston.

(c) Authorizes the district to finance the capital improvements and issue bonds specified in the budget without further approval from the City of Houston upon obtaining the approval of the City of Houston's governing body of a capital improvements budget for a period not to exceed five years.

Sec. 3850.106. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. Authorizes the district to join and pay dues to specific organizations.

Sec. 3850.107. ECONOMIC DEVELOPMENT PROGRAMS AND OTHER POWERS RELATED TO PLANNING AND DEVELOPMENT. (a) Authorizes the district to establish and provide for the administration of one or more programs to promote state or

local economic development and to stimulate business and commercial activity in the district, including specific programs.

(b) Provides that the district has all of the powers of a municipality under Chapter 380 (Miscellaneous Provisions Relating to Municipal Planning and Development), Local Government Code.

Sec. 3850.108. NO EMINENT DOMAIN. Prohibits the district from exercising the power of eminent domain.

[Reserves Sections 3850.109–3850.150 for expansion.]

#### SUBCHAPTER D. FINANCIAL PROVISIONS

Sec. 3850.151. DISBURSEMENTS AND TRANSFERS OF MONEY. Requires the board, by resolution, to establish the number of directors' signatures and the procedure required for a disbursement or transfer of the district's money.

Sec. 3850.152. MONEY USED FOR IMPROVEMENTS OR SERVICES. Authorizes the district to acquire, construct, finance, operate, or maintain any improvement or service authorized under this chapter or Chapter 375 (Municipal Management Districts in General), Local Government Code, using any money available to the district.

Sec. 3850.153. PETITION REQUIRED FOR FINANCING SERVICES AND IMPROVEMENTS WITH ASSESSMENTS. (a) Prohibits the board from financing a service or improvement project with assessments under this chapter unless a written petition requesting that service or improvement has been filed with the board.

(b) Sets forth the persons by whom a petition requesting a project financed by assessment must be signed.

Sec. 3850.154. METHOD OF NOTICE FOR HEARING. (a) Authorizes the district to mail the notice required by Section 375.115(c), Local Government Code, by certified or first class United States mail. Requires the board to determine the type of notice required based on whether adequate notice is provided by the method.

(b) Requires the district to also publish the notice in a newspaper of general circulation in the district not later than the 20th day before the date of the event for which notice was provided, if the district uses first class mail to provide the notice,

Sec. 3850.155. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a) Authorizes the board, by resolution, to impose and collect an assessment for any purpose authorized by this chapter.

(b) Sets forth priorities of an assessment, a reassessment, or an assessment resulting from an addition to or correction of the assessment roll by the district, penalties and interest on an assessment or reassessment, an expense of collection, and reasonable attorney's fees incurred by the district.

(c) Provides that the lien is effective from the date of the board's resolution imposing the assessment until the date the assessment is paid. Authorizes the board to enforce the lien in the same manner that the board may enforce an ad valorem tax lien against real property.

(d) Authorizes the board to make a correction to or deletion from the assessment roll that does not increase the amount of assessment of any parcel of land without providing notice and holding a hearing in the manner required for additional assessments.

Sec. 3850.156. LIMITATION ON AMOUNT OF CERTAIN ASSESSMENTS. Prohibits an assessment based on the taxable value of real property from exceeding 12 cents per \$100 of assessed valuation of taxable property in the district, according to the most recent certified tax appraisal roll for Harris County.

Sec. 3850.157. PUBLIC IMPROVEMENT DISTRICT ASSESSMENTS. Provides that an assessment levied in the district for a public improvement district under Chapter 372 (Improvement Districts in Municipalities and Counties), Local Government Code, may be used only under the terms for which the assessment was levied. Requires money raised by an assessment in the public improvement district under that chapter to be used in the public improvement district, and prohibits a transfer for use outside the area for which the assessment was originally levied.

Sec. 3850.158. UTILITY PROPERTY EXEMPT FROM IMPACT FEES AND ASSESSMENTS. Prohibits the district from imposing an impact fee or assessment on the property, including the equipment, rights-of-way, facilities, or improvements, of specific services.

Sec. 3850.159. AD VALOREM TAX. (a) Authorizes the district to impose an annual ad valorem tax on taxable property in the district to achieve specific goals, if authorized at an election held in accordance with Section 3850.162.

(b) Requires the board to determine the tax rate. Prohibits the rate from exceeding the rate approved at the election.

Sec. 3850.160. BONDS AND OTHER OBLIGATIONS. (a) Authorizes the district to issue bonds or other obligations payable wholly or partly from taxes, assessments, impact fees, revenue, grants, or other money of the district, or any combination of those sources of money, to pay for any authorized purpose of the district.

(b) Authorizes the district to issue a bond or other obligation in the form of a bond, note, certificate of participation or other instrument evidencing a proportionate interest in payments to be made by the district, or other type of obligation.

Sec. 3850.161. TAXES FOR BONDS AND OTHER OBLIGATIONS. Sets forth requirements for the board and the district at the time bonds or other obligations payable wholly or partly from ad valorem taxes are issued.

Sec. 3850.162. TAX AND BOND ELECTIONS. (a) Requires the district to hold an election in the manner provided by Subchapter L, Chapter 375, Local Government Code, to obtain voter approval before the district imposes an ad valorem tax or issues bonds payable from ad valorem taxes. Requires the proposition for an election approving an ad valorem tax to specify the maximum tax rate authorized.

(b) Provides that Section 375.243 (Petition Required for Bond Election), Local Government Code, does not apply to the district.

Sec. 3850.163. CITY OF HOUSTON NOT REQUIRED TO PAY DISTRICT OBLIGATIONS. Provides that except as provided by Section 375.263 (Dissolution by Municipal Ordinance), Local Government Code, the City of Houston is not required to pay a bond, note, or other obligation of the district.

Sec. 3850.164. COMPETITIVE BIDDING. Section 375.221 (Competitive Bidding on Certain Public Work Contracts), Local Government Code, applies to the district only for a contract that has a value greater than \$25,000.

Sec. 3850.165. TAX AND ASSESSMENT ABATEMENTS. Authorizes the district to grant in the manner authorized by Chapter 312 (Property Redevelopment and Tax Abatement Act), Tax Code, an abatement for a tax or assessment owed to the district.

[Reserves Sections 3850.166-3850.200 for expansion.]

#### SUBCHAPTER E. DISSOLUTION

Sec. 3850.201. DISSOLUTION OF DISTRICT WITH OUTSTANDING DEBT. (a) Authorizes the board to dissolve the district regardless of whether the district has debt. Section 375.264 (Limitation), Local Government Code, does not apply to the district.

(b) Requires the district, if the district has debt when it is dissolved, to remain in existence solely for the purpose of discharging its debts. Provides that the dissolution is effective when all debts have been discharged.

SECTION 2. Sets forth the district territory.

SECTION 3. Authorizes a petition filed under Section 3850.153, Special District Local Laws Code, as added by this Act, to be dated before the effective date of this Act.

SECTION 4. Requires the district to credit against the district's first annual assessment an amount equal to that year's assessment paid on that property for a public improvement district under Chapter 372, Local Government Code, if the district imposes an assessment on property under Subchapter D, Chapter 3850, Special District Local Laws Code, as added by this Act.

SECTION 5. Sets forth legislative findings.

SECTION 6. Effective date: upon passage or September 1, 2005.