

BILL ANALYSIS

C.S.H.B. 3526
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Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

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 to redevelop the area. An existing Public Improvement District, the Sharpstown Public Improvement District (PID), provides some of the need 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 to increase property values and facilitate new development and investment.

C.S.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. This bill will give the area the power to improve economic stability, encourage revitalization and reinvestment in the Sharpstown area.

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. 3526 creates the Greater Sharpstown Management District under Section 59, Article XVI, Texas Constitution. The bill defines public purpose of the district and allows the district to be eligible for inclusion in tax increment reinvestment zones and tax abatement reinvestment zones.

The bill establishes that the Greater Sharpstown Management District is governed by a board of nine directors serving staggered terms. This bill sets forth provisions regarding the appointment of directors and nonvoting directors, defines the requirements for a quorum of the board, names the initial directors of the district, and provides for their terms of office. The bill sunsets this subsection on September 1, 2010.

The bill provides that the district may exercise the powers given to a Section 4B corporation and a housing finance corporation created under Chapter 394, Local Government Code, to provide housing or residential development projects in the district and provides that the board may authorize the creation of a nonprofit corporation, to assist and act on behalf of the district in implementing a project or providing a service authorized by this Act.

To protect the public interest, the district may contract to provide law enforcement services in the district for a fee. The bill provides that the board must obtain approval by the City of Houston for projects funded by bonds and allows the district to join charitable organizations. The bill allows the district to establish and administer state or economic development programs and prevents the district from exercising the power of eminent domain.

The bill defines the financial provisions of the district. The board, by resolution, shall establish the number of director signatures and the procedure required for a disbursement or transfer of the district's money. The bill allows the district to acquire, construct, finance, operate and maintain any improvement or service authorized by Chapter 375 of the Local Government Code. The bill

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provides that the board may not finance a service or improvement project with assessments unless a written petition requesting that improvement or service has been filed with the board, signed by the owners of a majority of the assessed value of real property in the district subject to assessment as determined by the most recent certified tax appraisal roll for Harris County; or at least 50 persons who own real property in the district subject to assessment, if more than 50 persons own real property in the district subject to assessment as determined by the most recent certified tax appraisal roll for Harris County. The bill defines the method of notification for a hearing. It also requires notice to be published in a newspaper at least twenty days before the hearing if first class mail notification method is used. The bill provides that the board, by resolution, may impose and collect an assessment for any purpose authorized by this Act; defines the assessment rate; and the terms under which assessment shall be levied and used by the district. The board may exempt any property from the assessment if the property will not benefit from the proposed improvement project or services. The bill authorizes the district to impose an ad valorem tax on taxable property and to set the tax rate. The bill prohibits the district from imposing an impact fee or assessment upon property of utilities.

The bill provides for the issuance of bonds or other obligations payable wholly or partially from ad valorem taxes, assessments, impact fees, revenue, grants, or other money of the district, or any combination; these can take 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 any other type of obligation. The board may not issue bonds for a service or improvement project unless a written petition requesting that improvement or service has been filed with the board. The bill provides for when the taxes for bonds and other obligations are issued and requires an election to obtain voter approval in tax and bond elections. The bill provides that the city is not required to pay district obligations. The bill provides that Section 375.221, Local Government Code, applies to the district only for a contract that has a value greater than \$25,000. The bill allows for a tax abatement.

The bill provides that the board may vote to dissolve the district and provides that the district shall discharge its debts. Once such debts are discharged, the dissolution will be effective. Provides that Section 375.264, Local Government Code, does not apply to the district.

The bill sets forth the metes and bounds of the Greater Sharpstown Management District. The board will authorize a survey and exclude any single-family detached residential property from the district.

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 adds the name of a board member to position number 9 and adds that a parking improvement is considered to be a street or road improvement.