

BILL ANALYSIS

C.S.H.B. 3532
By: Strama
Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Chapter 375 of the Local Government Code provides for the creation of municipal management districts. C.S.H.B. 3532 creates Pflugerville Municipal Management District No. 1; and sets out the boundaries, governance and powers of the district, which include the authority to issue bonds and impose a tax.

The district created in this bill is located along SH 130 and will be able to finance infrastructure for commercial development in Pflugerville without increasing the tax burden on the general populace of the municipality. Despite its proximity to I-35, Pflugerville's tax base is overwhelmingly residential. Construction of SH 130 and SH 45 by the Texas Turnpike Authority has the potential to alter that significantly.

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

The bill creates the Pflugerville Municipal Management District under Section 59, Article XVI of the Constitution. Establishes the public purposes to provide that all land and property included in the district will benefit from improvements and services, the district being created to serve those public uses. The bill also prohibits the district from being used as a reason for Pflugerville or the County from providing necessary services.

The bill authorizes the City of Pflugerville to include the district in tax increment, tax abatement, or enterprise zones, states that Chapter 375 of the Local Government Code presumptively applies to the chapter and the district, unless otherwise specified.

The district will be governed by a board of five directors who serve staggered terms of four years, makes the eligible to receive compensation as provided by the Water Code, and requires them to own land subject to taxation and be registered to vote in the City of Pflugerville.

The mayor and members of the city council shall appoint directors from recommendations of the board for vacant positions, prevents a person from being appointed to the board if the appointment would result in fewer than two-thirds of the board members would come from the City and sets forth individuals serving as nonvoting ex officio directors.

The bill names the initial voting directors and exempts the initial board from the requirement that two thirds of those to be elected to the board must be from the City.

The bill states that the district may exercise its powers outside the district if the exercise of such powers benefits the district, authorizes the board to create of a nonprofit corporation to implement a project, with or on behalf of the district and requires the board to appoint the board of directors of a nonprofit corporation, and sets forth terms and powers of a board of directors of a nonprofit corporation under this section.

The district is authorized to own, operate or maintain a reclamation project or make an agreement with or accept a donation, grant, or loan from any person.

The district will have all the authority of a municipality to provide for economic development, provide for law enforcement services, requires the district to comply with competitive bidding under Section 375.221, Local Government Code, except for contracts less than \$25,000.

The City of Pflugerville must approve projects for bonds and plans related to bonds to achieve the purposes of the district and allows the district to annex land designated by the City of Pflugerville. The bill prohibits the board from financing certain projects prior to filing a written petition requesting the improvement or service and sets forth requirements for the petition.

The bill authorizes the board of the district to set up procedures for distributing money raised by the district, impose an annual ad valorem tax on property to maintain and operate the district and for improvements if two-thirds of the directors vote in favor of imposing the tax and the tax is authorized by the election.

The board may impose and collect an assessment for any purpose authorized by this subchapter, requires a two-thirds board member vote in favor of the imposition and sets forth provisions for assessments resulting from additions or corrections to the assessment roll made by the district. The district is prohibited from imposing an assessment or impact fee on a utility's property, clarifies that before any taxes, fees, or ad valorem taxes are imposed the votes must approve the tax, and authorizes the district to issue bonds and specifies that the bonds cannot go to City of Pflugerville projects.

Finally, the bill authorizes the board to dissolve a district that has debt. Sets forth procedures for the dissolution of a district. Provides that Section 375.264 does not apply to the district. States that the district shall be dissolved only when all debts are discharged.

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 adds Chapter 3852 to the Special District Local Laws Code rather than amending Chapter 376, Local Government Code, breaks down the bill into separate subchapters, and makes conforming changes. Substantively, the substitute version adds hike and bike trails as a new public purpose for which the district could move forward and allows for tax increment financing and tax abatement reinvestment zones. Subchapter B limits the number of board directors to 5 rather a limit of 11 in the original bill, prevents the board from having less than two thirds of its members as residents of the City of Pflugerville, and names the initial members of the board. The bill specifically adds authorization for the district to engage in reclamation projects and economic development programs. The substitute adds provisions specifying what the funds collected by the district may be used for and a section that addresses how the district may issue bonds. Finally, the bill provides that the City of Pflugerville is not liable for obligations incurred by the District and addresses how the district may dissolve itself.