

## **BILL ANALYSIS**

H.B. 3589  
By: Brown, Fred  
County Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

In the fall of 2005, The Research Valley Partnership, the regional economic development organization for Brazos County and the cities of Bryan and College Station, retained Carter & Burgess to perform a review of our community's economic program with focus on competitive position. Key Findings of the Carter & Burgess Study included the need for more resources in order to compete against State of Texas economic development sales tax communities, as well as the need to initiate economic development efforts with specialized programs and incentives for innovation and emerging technology related research, development, commercialization, projects.

The Research Valley Innovation District (RVID) is in direct response to those Carter and Burgess findings. The purpose of the RVID will be to facilitate innovation research, development, and commercialization programs and projects that accomplish the following:

- Provide additional financial resources to facilitate the attraction of jobs, investment and research dollars to The Research Valley (Brazos County and the cities of Bryan and College Station ); and
- Compliment/support Texas A&M University's "on-campus" tech-transfer and commercialization efforts with a viable "off-campus" solution.

In summary, The Research Valley is the home of Texas A&M University and a substantial component of The Research Valley's economic future will be tied to innovation and emerging technology research, development, and commercialization activities. The RVID is intended to be a catalyst to facilitate "off campus" economic development in the areas of innovation and emerging technology.

### **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 Subtitle C, Title 4, Special District Local Laws Code, by adding Chapter 3854 as follows:

#### RESEARCH VALLEY INNOVATION DISTRICT

##### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3854.001: DEFINITIONS. Defines "board", "Commissioners court", "Director", "District", "Obligation", and "Project".

Sec. 3854.002: PURPOSE; DECLARATION OF LEGISLATIVE FINDINGS. Sets forth legislative intent for the creation of the district. Finds that the creation of the district is essential to accomplish the purposes set out in Section 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes.

Sec. 3854.003: NATURE OF DISTRICT. Provides that the district is a special district and political subdivision of the state.

Sec. 3854.004: DISTRICT TERRITORY. States that, district boundaries are co-extensive with Brazos County, Texas.

Sec. 3854.005: **APPLICABILITY OF OTHER WATER DISTRICTS LAW.** Provides that Chapter 49, Water Code (Provisions Applicable to All Districts), does not apply to the district.

Sec. 3854.006: **LIBERAL CONSTRUCTION OF CHAPTER.** Requires this Act to be liberally construed in conformity with the findings and purposes stated in this Act.

#### SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3854.051: **GOVERNING BODY.** States the district is governed by a board of seven directors.

Sec. 3854.052: **TERMS.** States that directors serve staggered three-year terms that are limited to no more than two consecutive terms and expire on June 1.

Sec. 3854.053: **APPOINTMENT.** Requires the commissioners court to appoint the board of directors.

Sec. 3854.054: **QUALIFICATIONS.** States that directors must be a registered voter of Brazos County and may not be an elected official or an employee of the district or Brazos County, Texas.

Sec. 3854.055: **VACANCY.** Requires the remaining directors to fill a vacancy in the office of director for the unexpired term.

Sec. 3854.056: **DIRECTOR'S BOND; OATH OR AFFIRMATION.** Requires directors to execute a \$10,000.00 bond, which must be approved by the board, payable to the district and conditioned on the faithful performance of the director's duties. The bond and the director's constitutional oath are required to be filed with the district and the district is required to retain the bond and the oath or affirmation in its records.

Sec. 3854.057: **OFFICERS.** Requires the board to elect officers from among the directors, and establish the powers and duties of the officers.

Sec. 3854.058: **COMPENSATION; EXPENSES.** States that directors are to serve without compensation, but they are entitled to reimbursement for actual and necessary expenses approved by the board.

Sec. 3854.059: **MEETINGS; NOTICE OF MEETINGS.** Requires the board to establish regular meetings to conduct district business and authorizes the board to hold special meetings at other times. Requires the board to provide notice to the county clerk of Brazos County. The county is required to post the notice at the usual location at which notices of commissioners court meetings are posted.

Sec. 3854.060: **EMPLOYEES; PERSONS HIRED BY BOARD.** Requires the board to employ any person necessary to conduct the district affairs. Requires the board, by resolution, to determine the compensation and terms of service of any person employed or hired by the district. Authorizes the removal of employees, and the requirement of an employee to execute a bond.

Sec. 3854.061: **INITIAL DIRECTORS.** Requires that the Initial Board is to be appointed by Commissioners Court to serve staggered one (1), two (2) and three (3) year terms.

#### SUBCHAPTER C. POWERS AND DUTIES

Sec. 3854.101: **GENERAL POWERS.** States that the district is to have general powers to carry out its purpose.

Sec. 3854.102: **RULES.** Provides that the Board has the authority to adopt rules to govern the district operations, employees, and property.

Sec. 3854.103: **DISTRICT OFFICE.** Requires the Board to designate an office within district boundaries.

Sec. 3854.104: **PROPERTY.** Authorizes the district to acquire, sell or lease land for district purposes.

Sec. 3854.105: AGREEMENTS. Provides that the district has authority to make an agreement with any person for any district purpose.

Sec. 3854.106: GIFTS, GRANTS AND LOANS. States the district is permitted to accept gifts, grants or loans.

Sec. 3854.107: COMPETITIVE BIDDING. Provides that the district must comply with state competitive bidding requirements, except in contracts with another governmental entity, nonprofit corporation, or corporation created under Development Corp. Act of 1979.

Sec. 3854.108: RELATION TO OTHER LAW OR CONTRACTS. States that procedures set forth in the Act supersedes any law or requirements otherwise applicable to the district.

Sec. 3854.109: FEES FOR USE OF DISTRICT IMPROVEMENTS. Authorizes the district to charge fees, rents, rates and charges for use of district property.

Sec. 3854.110: PROGRAMS. Provides for establishment of programs to promote the state and local economy, and stimulate business and commercial activity and; in furtherance thereof, to make loans or grants of public funds.

Sec. 3854.111: PROJECTS. provides for the establishment of projects for research and development, commercialization of research results, incubation of new business, promotion of innovations and discoveries, the production and manufacturing of goods and products; day-to-day business operations or services, and promotion of education in the areas of energy, biotechnology, medicine, energy and alternative energy sources, life sciences, defense, engineering, information technology and micro-electromechanics.

Sec. 3854.112: SUITS. Provides for suits by and against the district and requires service of process on two (2) directors.

Sec. 3854.113: SEAL. Permits the district to adopt a seal.

Sec. 3854.114: NONPROFIT CORPORATION; JOINT ECONOMIC DEVELOPMENT. Requires the district to contract with (1) a nonprofit corporation that receives funding from Brazos County and the cities of College Station and Bryan and (2) an affiliated entity to promote, facilitate and administer a project or program.

#### SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 3854.151: USE OF DISTRICT MONEY. Authorizes the district to use funds to pay for projects and obligations.

Sec. 3854.152: INVESTMENTS. Gives the district permission to invest money and to hire an investor for that purpose.

Sec. 3854.153: DISBURSEMENTS OR TRANSFERS OF MONEY. Provides for Board action to set procedure for financial transactions.

Sec. 3854.154: DEPOSITORY INSTITUTION. Authorizes the district to select one or more financial institutions to serve as a depository bank for the district.

Sec. 3854.155: ACCOUNTS; FISCAL YEAR. Gives the district authority to establish a fiscal year and accounting system.

Sec. 3854.156: PROJECT FUND. Requires the district to establish a project fund to hold ad valorem taxes and sales revenues.

Sec. 3854.157: AUDIT. Requires the district to contract with an independent CPA firm for an annual audit that is available to the public.

Sec. 3854.158: ASSESSMENTS. Authorizes the district, with agreement of property owners, to place assessments against property in the district.

Sec. 3854.159: LIABILITIES. Gives the district authority to borrow money and issue obligations.

Sec. 3854.160: OBLIGATIONS. Gives the district authority to issue revenue bonds to pay for projects and obligations in the form of a note, bond or certificate of participation.

#### SUBCHAPTER E. AD VALOREM TAX

Sec. 3854.201: IMPOSITION OF AD VALOREM TAX. Permits the district, upon a vote of the public, to order an annual ad valorem tax to pay for projects, and requires the district to impose an ad valorem tax to pay for obligations.

Sec. 3854.202: TAX RATE. Requires the Board of Directors to recommend a tax rate to the County Commissioners Court at a rate of no more than 10 cents per \$100.00 of assessed valuation of taxable property. The commissioners court is required to set the tax rate.

Sec. 3854.203: TAX ASSESSOR – COLLECTOR. Gives the Board the authority to appoint an assessor-collector or contract for such collection in accordance with the Tax Code.

#### SUBCHAPTER F. PETITION AND ELECTION TO ALLOW CREATION, TAXING OR RELATED OBLIGATION AUTHORITY

Sec. 3854.251: APPLICATION FOR PETITION TO CREATE DISTRICT. Sets forth the process whereby ten (10) or more registered voters of the County may petition the County Commissioners Court to call for an election to create the district with the power to tax as stated above or without the power to tax.

Sec. 3854.252: APPLICATION FOR PETITION TO CALL TAX OF BOND ELECTION. Sets forth the process for citizens to petition the County Commissioners Court to call an election to grant a district which had been previously created without taxing authority, to be given the authority to impose a tax and authority to issue bonds.

Sec. 3854.253: FORMS AND COPIES OF PETITION. Provides for the County to supply copies of the petition to the requesting citizens bearing a date, number and seal. No more than one (1) page of the petition for every ten (10) registered voters in the County is to be supplied. The County shall be required to keep a copy of each petition issued.

Sec. 3854.254: FILING AND VERIFICATION OF PETITION. Provides for a process whereby citizens may request the County to examine the names of the signors of the petition to verify such persons were registered voters of the County at the time of the petition. It further provides for the County to certify the voters within fifteen (15) days after the application to verify is filed. This Section sets standards for disregarding signatures on a petition.

Sec. 3854.255: ELECTION ORDER. Provides for the calling of an election after the fourth regular meeting of the Commissioners Court convened after the petition is verified in conformity with this Act. This Section sets forth details about verifying the petition and the content of the minutes of the Commissioners Court hearing verifying such petition and the boundaries of the election.

Sec. 3854.256: NOTICE AND CONDUCT OF ELECTION; RESULTS. Provides for a Notice to be published in a newspaper of general circulation in the County, once a week for two (2) consecutive weeks, no later than fourteen (14) days or thirty-one (31) days, if the election is to include the right to issue obligations, before the date set for the election. This Section sets forth in detail how the questions of creation of the District and its authority to tax and issue bonds are to be framed on the ballot. This Section requires a majority vote of citizens to create the District and provides for a period of at least one year to elapse before these issues can again be brought to a vote, if the petition fails to obtain a majority vote.

#### SUBCHAPTER G. DISSOLUTION OF DISTRICT

Sec. 3854.301: DISSOLUTION OF DISTRICT. States this subchapter is the exclusive method of dissolution of the District.

Sec. 3854.302: DISSOLUTION BY ORDER OF COMMISSIONERS COURT. Provides for dissolution upon the petition of the Board of the District to the County Commissioners Court if the Board finds that (i) the District has not issued obligations and that the purposes of the

District cannot be accomplished or (ii) all obligations have been paid and the District purposes have been accomplished. The County Commissioners Court shall, after a public hearing on the petition, and upon unanimous vote of the Court, order either the District dissolved or not dissolved. If the District is dissolved, the County receives all property, contracts and obligations of the District.

Sec. 3854.303: DISSOLUTION OF DISTRICT ON AGREEMENT WITH BRAZOS COUNTY. Provides for dissolution by agreement of the District and the County Commissioners Court. The dissolution under this Section results in the County receiving all property, contracts and obligations of the District.

Sec. 3854.304: EFFECT OF DISSOLUTION ON TAXES. Provides for the abolishment of taxes upon the District's dissolution.

## SECTION 2: Effective Date

### **EFFECTIVE DATE**

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