

BILL ANALYSIS

C.S.S.B. 993
By: Ellis
Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Municipal Management Districts, if properly created and maintained, have been hugely successful in encouraging redevelopment in deteriorating or undeveloped areas within many Texas municipalities.

C.S.S.B. 993 creates Harris County Improvement District No. 5, located in southwest Houston. The district's stated purposes are to further promote the health, safety, and welfare of residents, employers, visitors and consumers in the district and provide needed funding to the district to preserve, maintain, and enhance the economic health and vitality of the district territory. The district includes only commercial property and may issue bonds, impose an annual ad valorem tax on taxable property, and may impose and collect an assessment on those properties.

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.S.B. 993 adds Chapter 3834, Special District Local Laws Code, to create the Harris County Improvement District No. 5.

Subchapter A establishes general provisions including stating the public benefits of the creation of the district, the general purposes of the district, and that the district is ruled by the general provisions of Chapter 375, Local Government Code. The bill also states the district territory does not include any area of state representative District 146 as of the effective date of the Act.

Subchapter B creates a board consisting of 11 members serving staggered 4 year terms. Three of the members of the board must be residents of areas adjacent to the district, the remaining members representing commercial property owners or tenants of the district. Board members are selected by majority vote of the mayor and city council of the City of Houston. The bill appoints ten of the eleven initial voting directors.

Subchapter C establishes that the district may exercise the powers of a 4B corporation, a housing finance corporation to provide housing or residential development projects in the district, and may create a nonprofit corporation to assist the district in implementing a project or provide services of the district. The district may contract for law enforcement, issue bonds for improvement projects with approval of the City of Houston, and demolish and remove dangerous buildings in and outside of the district in cooperation with the city.

Subchapter D requires that the district obtain signed approval of a project financed by assessment from the owners of a majority of the assessed value of real property in the district subject to assessment or at least 50 owners of real property in the district that will be subject to the assessment, if more than 50 persons own real property that will be assessed. The district, at a rate determined by the board, may impose an ad valorem tax if authorized by an election to administer the district, maintain and operate the district, construct or acquire improvements, or provide a service. The bill establishes that the board may impose a lien on a property for the recovery of an assessment and describes restrictions for imposing a lien. The district may issue bonds or other obligations payable by assessments, impact fees, or other money of the district in exercising the district's power to borrow. Before issuing a bond payable from ad valorem taxes

or imposing a maintenance tax, the district shall hold an election described by Chapter 375, Local Government Code.

Subchapter E describes the district's powers of dissolution.

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 changes the meets and bounds of the district, including removing the area located in state representative District 146 from the district boundaries.