

**BILL ANALYSIS**

Senate Research Center

S.B. 1842  
By: Ellis  
Intergovernmental Relations  
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As Filed

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

As proposed, S.B. 1842 creates the Greater Sharpstown Management District (district) as a political subdivision of the State of Texas to administer and provide funding for neighborhood improvement projects and services in the district, which is located entirely within the City of Houston and Harris County. The district will be a municipal management district similar to those operating pursuant to Chapter 375, Local Government Code, and Title 4, Special Districts Local Laws Code.

**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. GREATER SHARPSTOWN MANAGEMENT DISTRICT. Amends Subtitle C, Title 4, Special District Local Laws Code, by adding Chapter\_\_\_ [N.B.: Bill as drafted does not contain chapter number], as follows:

CHAPTER\_\_\_. [sic] GREATER SHARPSTOWN MANAGEMENT DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec.\_\_\_.001. [N.B.: Bill as drafted does not contain section numbers] DEFINITIONS. Defines "board" and "district."

Sec.\_\_\_.002. GREATER SHARPSTOWN MANAGEMENT DISTRICT. (a) Provides that the Greater Sharpstown Management District (district) is a special district created under Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI, Texas Constitution.

(b) Authorizes the board by resolution to change the name of the district.

Sec.\_\_\_.003. PURPOSE; DECLARATION OF INTENT. (a) Provides that the creation of the district is essential to accomplish the purpose of Sections 52 (Counties, Cities, or Other Political Corporations or Subdivisions; Lending Credit; Grants; Bonds) and 52a (Loan or Grant of Public Money for Economic Development), Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this chapter. Provides that by creating the district and in authorizing the City of Houston, Harris County, and other political subdivisions to contract with the district, the legislature has established a program to accomplish the public purposes set out in Section 52-a, Article III, Texas Constitution.

(b) Provides that the creation of the district is necessary to promote, develop, and encourage certain types of economic development and public welfare and safety.

(c) 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. Provides

that the district is created to supplement and not to supplant the county or city services provided in the area in the district.

(d) Provides that by creating the district and in authorizing the City of Houston, Harris County, and other political subdivisions to contract with the district, the legislature has established a program to accomplish the public purposes set out in Section 52-a, Article III, Texas Constitution.

Sec. \_\_\_\_ .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 promote certain economic developments.

(d) Sets forth the responsibilities and purposes of the district.

(e) Provides that the pedestrian ways along or across a street, whether at grade or above or below 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) Provides that the district will not act as the agent or instrumentality of any private interest even though the district will benefit many private interests as well as the public.

Sec. \_\_\_\_ .005. 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 codes or laws.

(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 filed notes or in copying the filed notes in the legislative process, does not in any way affect the district's organization, existence, or validity, certain rights, and legality or operation.

Sec. \_\_\_\_ .006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. Provides that all or part of the area of the district is eligible, notwithstanding other statutory criteria, to be included in certain zones.

Sec. \_\_\_\_ .007. 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. \_\_\_\_ .008. LIBERAL CONSTRUCTION OF CHAPTER. Requires this chapter to be liberally construed in conformity with the findings and purposes stated in this chapter.

[Reserves Sections \_\_\_\_ .009- \_\_\_\_ .050 for expansion.]

#### SUBCHAPTER B. BOARD OF DIRECTORS

Sec. \_\_\_\_ .051. BOARD OF DIRECTORS; TERMS. Sets forth the quantity and terms, of the members of the board of directors (board) of the district.

Sec.\_\_\_\_.052. APPOINTMENT OF DIRECTORS. Sets forth procedures for the appointment of board members by the mayor and members of the governing body of the City of Houston.

Sec. \_\_\_\_053. NONVOTING DIRECTORS. (a) Provides that certain persons representing departments of the City of Houston serve as nonvoting directors.

(b) Authorizes the board, if a department described by Subsection (a) is consolidated, renamed, or changed to appoint a director of the consolidated, renamed, or changed department as a nonvoting director. Authorizes the board, if a department described by Subsection (a) is abolished, to appoint a representative of another department that performs duties comparable to those performed by the abolished department.

Sec.\_\_\_\_.054. QUORUM. Sets forth terms for establishing a quorum.

Sec. \_\_\_\_055. INITIAL VOTING DIRECTORS. (a) Provides that the initial board consists of certain named voting directors.

(b) Provides that, of the initial voting directors, the terms of directors appointed for positions 1 through 5 expire June 1, 2007, and the terms of directors appointed for positions 6 through 9 expire June 1, 2009.

(c) Provides that Section \_\_\_\_052 does not apply to this section.

(d) Provides that this section expires September 1, 2010.

[Reserves Sections \_\_\_\_056-\_\_\_\_100 for expansion.]

#### SUBCHAPTER C. POWERS AND DUTIES

Sec. \_\_\_\_101. ADDITIONAL POWERS OF DISTRICT. Authorizes the district to exercise the powers given to certain corporations.

Sec.\_\_\_\_.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) Provides that the nonprofit corporation has certain powers.

(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 directors of a local government corporation created under Chapter, 431 (Texas Transportation Corporation Act), Transportation Code.

Sec.\_\_\_\_.103. AGREEMENTS; GRANTS. (a) Authorizes the district to make an agreement with or accept certain funds from any person.

(b) Provides that the implementation of a project is a governmental function or services for the purposes of Chapter 791 (Interlocal Corporation Contracts), Government Code.

Sec.\_\_\_\_.104. AUTHORITY TO CONTRACT FOR LAW ENFORCEMENT. Authorizes the district, to protect the public interest, to contract with a qualified party, including Harris County or the City of Houston for the county or the city to provide law enforcement services in the district for a fee.

Sec.\_\_\_\_.105. APPROVAL BY CITY OF HOUSTON. (a) Requires the district, except as provided by Subsection (b), to obtain the approval of the City of Houston by either official action of the governing body of the city for certain improvement projects.

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

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

Sec. \_\_\_\_ .106. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. Authorizes the district to join and pay dues to certain organizations.

Sec. \_\_\_\_ .107. ECONOMIC DEVELOPMENT PROGRAMS. 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.

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

Sec. \_\_\_\_ .108. NO EMINENT DOMAIN. Prohibits the district from exercising the power of eminent domain.

[Reserves Sections \_\_\_\_ .109- \_\_\_\_ .150 for expansion.]

#### SUBCHAPTER D. FINANCIAL PROVISIONS

Sec. \_\_\_\_ .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. \_\_\_\_ .152. PETITION REQUIRED FOR FINANCING SERVICES AND IMPROVEMENTS WITH ASSESSMENTS. (a) Authorizes the district to acquire, construct, finance, operate, and maintain any improvement or service authorized pursuant to the Act or Chapter 375, Local Government Code, using all funds available to the district. Prohibits the board from financing a service or improvement with assessments or bonds under this chapter unless a written petition requesting that service or improvement has been filed with the board.

(b) Authorizes a petition filed under Subsection (a) to be dated before or after the creation of the district and requires it to be signed by certain persons.

Sec. \_\_\_\_ .153. METHOD OF NOTICE FOR HEARING. Authorizes the district to mail the notice required by Section 375.115(c) (Notice of Hearing), Local Government Code, by either certified or first class United States mail, as determined by the board to give adequate notice. Requires such notice, if first class mail is used, to additionally be published in a newspaper of general circulation in the district at least 20 days before the event of which the district is giving notice.

Sec. \_\_\_\_ .154. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a) Authorizes the board by resolution to impose and collect an assessment in all or in part of the district for any purpose authorized by this chapter.

(b) Provides that an assessment, 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 are contingent on certain factors.

(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 a 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.

(e) Provides that an assessment levied by the board based upon the taxable value of the property to be assessed may not exceed \$0.12 per \$100 taxable assessed valuation as determined by the Harris County Appraisal District or its successor.

(f) Requires an assessment, if an assessment is levied within the district by or on behalf of a public improvement district, to be used only in accordance with the terms under which such assessment was levied, and prohibits it from being transferred to the district for use outside the area on behalf of which such assessment was originally levied. Requires a property owner within the district that has been assessed by a public improvement district to receive a credit against the district's first annual assessment equal to that year's public improvement district assessment paid with respect to the applicable property.

Sec. \_\_\_\_155. AD VALOREM TAX. (a) Authorizes the district, if authorized at an election held in accordance with Section \_\_\_\_159, to impose an annual ad valorem tax on taxable property in the district for any purpose, including certain specified purposes.

(b) Requires the board to determine the tax rate; provided that the board shall not be authorized to levy an ad valorem tax under this section in excess of the maximum rate specified in the proposition authorizing the tax.

Sec. \_\_\_\_156. UTILITY PROPERTY EXEMPT FROM IMPACT FEES AND ASSESSMENTS. (a) Prohibits the district from imposing an impact fee or assessment on the property, including the equipment, rights of way, facilities, or improvements for certain service providers.

(b) Requires the relocation, rerouting, or removal, if the district, in the exercise of the powers conferred on it by this Act, requires or requests the relocation, rerouting, or removal of electric, gas, water, sewer, communications, or other public utilities, as defined by Sections 31.002 (Definitions), 101.003 (Definitions), 121.001 (Definitions of Gas Utility), or 51.002 (Definitions), Utilities Code, to be at the sole expense of the district.

Sec. \_\_\_\_157. BONDS AND OTHER OBLIGATIONS. (a) Authorizes the district to issue bonds or other obligations, payable wholly or partly from ad valorem 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, in exercising the district's power to borrow, 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. \_\_\_\_158. TAXES FOR BONDS AND OTHER OBLIGATIONS. Provides that at the time bonds or other obligations payable wholly or partly from ad valorem taxes are issued the board and district must follow certain procedures.

Sec. \_\_\_\_159. TAX AND BOND ELECTIONS. (a) Requires the district to hold an election in the manner provided by Subchapter L (Elections), 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.

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

Sec. \_\_\_\_160. CITY NOT REQUIRED TO PAY DISTRICT OBLIGATIONS. Provides that the City of Houston, except as provided by Section 375.263 (Dissolution by Municipal Ordinance), Local Government Code, is not required to pay a bond, note, or other obligation of the district.

Sec. \_\_\_\_161. COMPETITIVE BIDDING. Provides that Section 375.221 (Competitive Bidding on Certain Public Works Contracts), Local Government Code, applies to the district only for a contract that has a value greater than \$25,000.

Sec. \_\_\_\_162. 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 \_\_\_\_163-\_\_\_\_200 for expansion.]

#### SUBCHAPTER E. DISSOLUTION

Sec. \_\_\_\_201. DISSOLUTION OF DISTRICT WITH OUTSTANDING DEBT.

(a) Authorizes the board to dissolve the district regardless of whether the district has debt. Provides that 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 boundaries of the Greater Sharpstown Management District as of the effective date of this Act.

SECTION 3. LEGISLATIVE FINDINGS. Sets forth legislative findings regarding the notices and requirements for the introduction and passage of this act.

SECTION 4. Effective date: upon passage or September 1, 2005.