

## **BILL ANALYSIS**

C.S.S.B. 1843  
By: Ellis  
Urban Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

As proposed, S.B. 1843 creates the International 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 Code.

### **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. INTERNATIONAL MANAGEMENT DISTRICT. Amends Subtitle C, Title 4, Special District Local Laws Code, by adding Chapter 3836 , as follows:

#### CHAPTER 3836. INTERNATIONAL MANAGEMENT DISTRICT

##### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3836.001. DEFINITIONS. Defines "board" and "district."

Sec. 3836.002. INTERNATIONAL MANAGEMENT DISTRICT. (a) Provides that the International 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 of directors of the district (board) by resolution to change the name of the district.

Sec. 3836.003. PURPOSE; DECLARATION OF INTENT. (a) Provides that the creation of the district is essential to accomplish the purposes of Sections 52 (Counties, Cities or other Political Corporations of Subdivisions; Lending Credit; Grants; Bonds) and 52-a (Loan or Grant of Public Money for Economic Development), Article III, and Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI, Texas Constitution, and other public purposes stated in this Act.

(b) Provides that the creation of the district is necessary to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public welfare in the area of the district.

(c) Prohibits this chapter and the creation of the district from being interpreted to relieve Harris County (county) or the City of Houston (city) from providing the level of services provided as of the effective date of the Act enacting this chapter, 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, the 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. 3836.004. 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 accomplishing certain purposes.

(d) Provides that the district will accomplish certain goals.

(e) Provides that certain pedestrian ways, street lighting, street landscaping, parking, 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. 3836.005. 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 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 field notes or in copying the field notes in the legislative process does not in any way affect certain aspects of the district.

Sec. 3836.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. Provides that all or any part of the area of the district is eligible, notwithstanding other statutory criteria, to be included in certain special zones.

Sec. 3836.007. 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. 3836.008. LIBERAL CONSTRUCTION OF CHAPTER. Requires this chapter to be liberally construed in conformity with the findings and purposes stated in this chapter.

[Reserves Sections 3836.009-3836.050 for expansion.]

#### SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3836.051. BOARD OF DIRECTORS; TERMS. (a) Provides that the district is governed by a board of \_\_\_\_\_ voting directors who serve staggered terms of four years, with \_\_\_\_\_ or \_\_\_\_\_ directors' terms expiring June 1 of each odd-numbered year.

(b) Authorizes the board by resolution to change the number of voting directors on the board, but only if the board determines that the change is in the best interest of the district. Prohibits the board from consisting of fewer than five or more than 15 voting directors.

Sec. 3836.052. APPOINTMENT OF DIRECTORS. Requires the mayor and members of the governing body of the city to appoint voting directors from persons recommended by the board. Provides that a person is appointed if a majority of the council and the mayor vote to appoint that person.

Sec. 3836.053. NONVOTING DIRECTORS. (a) Provides that individuals from certain municipal departments serve as nonvoting directors.

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

Sec. 3836.054. QUORUM. Provides that for the purposes of determining the requirements for a quorum of the board, certain positions are not counted.

Sec. 3836.055. INITIAL VOTING DIRECTORS. (a) Sets forth the individuals to compose the initial board of 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 3836.052 does not apply to this section.

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

[Reserves Sections 3836.056-3836.100 for expansion.]

#### SUBCHAPTER C. POWERS AND DUTIES

Sec. 3836.101. ADDITIONAL POWERS OF DISTRICT. Authorizes the district to exercise the powers given to a corporation under Section 4B, Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.), including the power to own, operate, acquire, construct, lease, improve, or maintain projects described by that section.

Sec. 3836.102. 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) Sets forth the powers of the nonprofit corporation.

(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 of directors of a local government corporation created under Chapter 431 (Texas Transportation Corporation Act), Transportation Code; provided that they need not live in the district.

Sec. 3836.103. AGREEMENTS; GRANTS. (a) Authorizes the district to make an agreement with or accept a gift, grant, or loan from any person.

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

Sec. 3836.104. AUTHORITY TO CONTRACT FOR LAW ENFORCEMENT. Authorizes the district to contract with a qualified party, including the county or the city to provide law enforcement services in the district for a fee to protect the public interest.

Sec. 3836.105. APPROVAL BY CITY OF HOUSTON. (a) Requires the district, except as provided by Subsection (b), to obtain the approval of the city, by either official action of the governing body of the city or through issuance of a permit with respect to certain items.

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

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

Sec. 3836.106. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. Authorizes the district to join and pay dues to certain organizations.

Sec. 3836.107. ECONOMIC DEVELOPMENT PROGRAMS. Authorizes the district to establish and provide for the administration of certain 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 and authority of a municipality under Chapter 380 (Miscellaneous Provisions Relating to Municipal Planning and Development), Local Government Code.

Sec. 3836.108. NO EMINENT DOMAIN. Prohibits the district from exercising the power of eminent domain.

[Reserves Sections 3836.109-3836.150 for expansion.]

#### SUBCHAPTER D. FINANCIAL PROVISIONS

Sec. 3836.151. 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. 3836.152. 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 this Act or Chapter 375, Local Government Code, using all funds available to the district. Prohibits the board from financing a service or improvement project with assessments 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 sets forth signature requirements for the district.

Sec. 3836.153. METHOD OF NOTICE FOR HEARING. Authorizes the district to mail the required notice by either certified or first class United States mail, as determined by the board to give adequate notice. Requires such notice 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 if first class mail is used.

Sec. 3836.154. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a) Authorizes the board to impose and collect an assessment in all or part of the district for any purpose authorized by this chapter by resolution.

(b) Sets forth certain provisions of 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.

(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) Prohibits an assessment levied by the board based upon the taxable value of the property to be assessed from exceeding \$0.12 per \$100 taxable assessed valuation as determined by the Harris County Appraisal District or its successor.

Sec. 3836.155. AD VALOREM TAX. (a) Authorizes the district to impose an annual ad valorem tax on taxable property in the district for certain purposes if authorized at an election held in accordance with Section 3836.159.

(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. 3836.156. 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 of certain utilities or providers.

(b) Requires the relocation, rerouting, or removal of certain utilities to be at the sole expense of the district if the district requires or requests said relocation, rerouting, or removal.

Sec. 3836.157. 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 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 in exercising its power.

Sec. 3836.158. TAXES FOR BONDS AND OTHER OBLIGATIONS. Sets forth certain requirements of the board at the time bonds or other obligations payable wholly or partly from ad valorem taxes are issued.

Sec. 3836.159. TAX AND BOND ELECTIONS. (a) Requires the district to hold an election in the manner provided by Subchapter L, 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. 3836.160. CITY NOT REQUIRED TO PAY DISTRICT OBLIGATIONS. Provides that, except as provided by Section 375.263 (Dissolution by Municipal Ordinance), Local Government Code, the city is not required to pay a bond, note, or other obligation of the district.

Sec. 3836.161. 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. 3836.162. 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 3836.163-3836.200 for expansion.]

#### SUBCHAPTER E. DISSOLUTION

Sec. 3836.201. 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 to remain in existence solely for the purpose of discharging its debts if the district has debt when it is dissolved. Provides that the dissolution is effective when all debts have been discharged.

SECTION 2. BOUNDARIES. Sets forth the territory contained in the district.

SECTION 3. LEGISLATIVE FINDINGS. Provides that all requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice introduction, and passage of this Act are fulfilled and accomplished.

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

#### **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 names of the directors of the district and modifies the meets and bounds of the district.