

By: Hochberg

H.B. No. 3526

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Greater Sharpstown Management District; providing authority to impose a tax and issue a bond or similar obligation.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3850 to read as follows:

CHAPTER 3850. GREATER SHARPSTOWN MANAGEMENT DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3850.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of the district.

(2) "District" means the Greater Sharpstown Management District.

Sec. 3850.002. GREATER SHARPSTOWN MANAGEMENT DISTRICT. The Greater Sharpstown Management District is a special district created under Section 59, Article XVI, Texas Constitution.

Sec. 3850.003. PURPOSE; DECLARATION OF INTENT. (a) The creation of the district is essential to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this chapter. 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

1 program to accomplish the public purposes set out in Section 52-a,  
2 Article III, Texas Constitution.

3 (b) The creation of the district is necessary to promote,  
4 develop, encourage, and maintain employment, commerce,  
5 transportation, housing, tourism, recreation, the arts,  
6 entertainment, economic development, safety, and the public  
7 welfare in the district and adjacent areas.

8 (c) This chapter and the creation of the district may not be  
9 interpreted to relieve Harris County or the City of Houston from  
10 providing the level of services provided as of the effective date of  
11 this Act, to the area in the district. The district is created to  
12 supplement and not to supplant the county or municipal services  
13 provided in the area in the district.

14 Sec. 3850.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a)  
15 The district is created to serve a public use and benefit.

16 (b) All land and other property included in the district  
17 will benefit from the improvements and services to be provided by  
18 the district under powers conferred by Sections 52 and 52-a,  
19 Article III, and Section 59, Article XVI, Texas Constitution, and  
20 other powers granted under this chapter.

21 (c) The creation of the district is in the public interest  
22 and is essential to:

23 (1) further the public purposes of developing and  
24 diversifying the economy of the state;

25 (2) eliminate unemployment and underemployment; and

26 (3) develop or expand transportation and commerce.

27 (d) The district will:

1           (1) promote the health, safety, and general welfare of  
2 residents, employers, employees, visitors, and consumers in the  
3 district, and of the public;

4           (2) provide needed funding for the district to  
5 preserve, maintain, and enhance the economic health and vitality of  
6 the district territory as a community and business center; and

7           (3) promote the health, safety, welfare, and enjoyment  
8 of the public by providing pedestrian ways and by landscaping and  
9 developing certain areas in the district, which are necessary for  
10 the restoration, preservation, and enhancement of scenic beauty.

11           (e) Pedestrian ways along or across a street, whether at  
12 grade or above or below the surface, and street lighting, street  
13 landscaping, and street art objects are parts of and necessary  
14 components of a street and are considered to be a street or road  
15 improvement.

16           (f) The district will not act as the agent or  
17 instrumentality of any private interest even though the district  
18 will benefit many private interests as well as the public.

19           Sec. 3850.005. PARKING. A parking improvement is  
20 considered to be a street or road improvement.

21           Sec. 3850.006. DISTRICT TERRITORY. (a) The district is  
22 composed of the territory described by Section 2 of the Act enacting  
23 this chapter, as that territory may have been modified under:

- 24           (1) Subchapter J, Chapter 49, Water Code; or  
25           (2) other law.

26           (b) The boundaries and field notes of the district contained  
27 in Section 2 of the Act enacting this chapter form a closure. A

1 mistake in the field notes or in copying the field notes in the  
2 legislative process does not in any way affect the district's:

3 (1) organization, existence, or validity;

4 (2) right to issue any type of bond for a purpose for  
5 which the district is created or to pay the principal of and  
6 interest on the bond;

7 (3) right to impose or collect an assessment or tax; or

8 (4) legality or operation.

9 Sec. 3850.007. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.

10 All or any part of the area of the district is eligible to be  
11 included in:

12 (1) a tax increment reinvestment zone created by a  
13 municipality under Chapter 311, Tax Code;

14 (2) a tax abatement reinvestment zone created by a  
15 municipality under Chapter 312, Tax Code; or

16 (3) an enterprise zone created by a municipality under  
17 Chapter 2303, Government Code.

18 Sec. 3850.008. APPLICABILITY OF MUNICIPAL MANAGEMENT  
19 DISTRICTS LAW. Except as otherwise provided by this chapter,  
20 Chapter 375, Local Government Code, applies to the district.

21 Sec. 3850.009. LIBERAL CONSTRUCTION OF CHAPTER. This  
22 chapter shall be liberally construed in conformity with the  
23 findings and purposes stated in this chapter.

24 [Sections 3850.010-3850.050 reserved for expansion]

25 SUBCHAPTER B. BOARD OF DIRECTORS

26 Sec. 3850.051. BOARD OF DIRECTORS; TERMS. (a) The  
27 district is governed by a board of nine voting directors who serve

1 staggered terms of four years, with four or five directors' terms  
2 expiring June 1 of each odd-numbered year.

3 (b) The board by resolution may change the number of voting  
4 directors on the board, but only if the board determines that the  
5 change is in the best interest of the district. The board may not  
6 consist of fewer than five or more than 15 voting directors.

7 Sec. 3850.052. APPOINTMENT OF DIRECTORS. The mayor and  
8 members of the governing body of the City of Houston shall appoint  
9 voting directors from persons recommended by the board. A person is  
10 appointed if a majority of the members of the governing body,  
11 including the mayor, vote to appoint that person.

12 Sec. 3850.053. NONVOTING DIRECTORS. (a) The following  
13 persons serve as nonvoting directors:

14 (1) the directors of the following departments of the  
15 City of Houston or a person designated by that director:

16 (A) parks and recreation;

17 (B) planning and development;

18 (C) public works; and

19 (D) civic center; and

20 (2) the City of Houston's chief of police.

21 (b) If a department described by Subsection (a) is  
22 consolidated, renamed, or changed, the board may appoint a director  
23 of the consolidated, renamed, or changed department as a nonvoting  
24 director. If a department described by Subsection (a) is  
25 abolished, the board may appoint a representative of another  
26 department that performs duties comparable to those performed by  
27 the abolished department.

1       Sec. 3850.054. QUORUM. For purposes of determining whether  
2 a quorum of the board is present, the following are not counted:

3           (1) a board position vacant for any reason, including  
4 death, resignation, or disqualification;

5           (2) a director who is abstaining from participation in  
6 a vote because of a conflict of interest; or

7           (3) a nonvoting director.

8       Sec. 3850.055. INITIAL VOTING DIRECTORS. (a) The initial  
9 board consists of the following voting directors:

	<u>Pos. No.</u>	<u>Name of Director</u>
10		
11	<u>1</u>	<u>Kenneth Li</u>
12	<u>2</u>	<u>Wellcome Wilson, Jr.</u>
13	<u>3</u>	<u>Michael Laster</u>
14	<u>4</u>	<u>Maurisa Tolbert</u>
15	<u>5</u>	<u>Chris Vasquez</u>
16	<u>6</u>	<u>Toni Franklin</u>
17	<u>7</u>	<u>Tracey Suttles</u>
18	<u>8</u>	<u>Don Wang</u>
19	<u>9</u>	<u>Fred Bhandara</u>

20       (b) Of the initial voting directors, the terms of directors  
21 appointed for positions 1 through 5 expire June 1, 2007, and the  
22 terms of directors appointed for positions 6 through 9 expire June  
23 1, 2009.

24       (c) Section 3850.052 does not apply to this section.

25       (d) This section expires September 1, 2009.

26       [Sections 3850.056-3850.100 reserved for expansion]

1                   SUBCHAPTER C. POWERS AND DUTIES

2                   Sec. 3850.101. EXERCISE OF POWERS OF DEVELOPMENT  
3 CORPORATION. The district may exercise the powers of a corporation  
4 created under Section 4B, Development Corporation Act of 1979  
5 (Article 5190.6, Vernon's Texas Civil Statutes), including the  
6 power to own, operate, acquire, construct, lease, improve, and  
7 maintain projects described by that section.

8                   Sec. 3850.102. NONPROFIT CORPORATION. (a) The board by  
9 resolution may authorize the creation of a nonprofit corporation to  
10 assist and act for the district in implementing a project or  
11 providing a service authorized by this chapter.

12                   (b) The nonprofit corporation:

13                   (1) has each power of and is considered for purposes of  
14 this chapter to be a local government corporation created under  
15 Chapter 431, Transportation Code; and

16                   (2) may implement any project and provide any service  
17 authorized by this chapter.

18                   (c) The board shall appoint the board of directors of the  
19 nonprofit corporation. The board of directors of the nonprofit  
20 corporation shall serve in the same manner as the board of directors  
21 of a local government corporation created under Chapter 431,  
22 Transportation Code, except that a board member is not required to  
23 reside in the district.

24                   Sec. 3850.103. AGREEMENTS; GRANTS. (a) The district may  
25 make an agreement with or accept a gift, grant, or loan from any  
26 person.

27                   (b) The implementation of a project is a governmental

1 function or service for the purposes of Chapter 791, Government  
2 Code.

3 Sec. 3850.104. AUTHORITY TO CONTRACT FOR LAW ENFORCEMENT.  
4 To protect the public interest, the district may contract with a law  
5 enforcement services provider, including Harris County or the City  
6 of Houston, to provide law enforcement services in the district for  
7 a fee.

8 Sec. 3850.105. APPROVAL BY CITY OF HOUSTON. (a) Except as  
9 provided by Subsection (c), the district must obtain the approval  
10 of the City of Houston's governing body for:

11 (1) the issuance of bonds for an improvement project;  
12 (2) the plans and specifications of an improvement  
13 project financed by the bonds; and

14 (3) the plans and specifications of an improvement  
15 project related to the use of land owned by the City of Houston, an  
16 easement granted by the City of Houston, or a right-of-way of a  
17 street, road, or highway.

18 (b) The approval obtained under Subsection (a) for the  
19 issuance of bonds must be a resolution by the City of Houston. The  
20 approval obtained under Subsection (a) for plans and specifications  
21 must be a permit issued by the City of Houston.

22 (c) If the district obtains the approval of the City of  
23 Houston's governing body of a capital improvements budget for a  
24 period not to exceed five years, the district may finance the  
25 capital improvements and issue bonds specified in the budget  
26 without further approval from the City of Houston.

27 Sec. 3850.106. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. The



1 district may join and pay dues to an organization that:

2 (1) enjoys tax-exempt status under Section 501(c)(3),  
3 (4), or (6), Internal Revenue Code of 1986; and

4 (2) performs a service or provides an activity  
5 consistent with the furtherance of a district purpose.

6 Sec. 3850.107. ECONOMIC DEVELOPMENT PROGRAMS AND OTHER  
7 POWERS RELATED TO PLANNING AND DEVELOPMENT. (a) The district may  
8 establish and provide for the administration of one or more  
9 programs to promote state or local economic development and to  
10 stimulate business and commercial activity in the district,  
11 including programs to:

12 (1) make loans and grants of public money; and

13 (2) provide district personnel and services.

14 (b) The district has all of the powers of a municipality  
15 under Chapter 380, Local Government Code.

16 Sec. 3850.108. NO EMINENT DOMAIN. The district may not  
17 exercise the power of eminent domain.

18 [Sections 3850.109–3850.150 reserved for expansion]

19 SUBCHAPTER D. FINANCIAL PROVISIONS

20 Sec. 3850.151. DISBURSEMENTS AND TRANSFERS OF MONEY. The  
21 board by resolution shall establish the number of directors'  
22 signatures and the procedure required for a disbursement or  
23 transfer of the district's money.

24 Sec. 3850.152. MONEY USED FOR IMPROVEMENTS OR SERVICES.  
25 The district may acquire, construct, finance, operate, or maintain  
26 any improvement or service authorized under this chapter or Chapter  
27 375, Local Government Code, using any money available to the

1 district.

2 Sec. 3850.153. PETITION REQUIRED FOR FINANCING SERVICES AND  
3 IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a  
4 service or improvement project with assessments under this chapter  
5 unless a written petition requesting that service or improvement  
6 has been filed with the board.

7 (b) A petition requesting a project financed by assessment  
8 must be signed by:

9 (1) the owners of a majority of the assessed value of  
10 real property in the district subject to assessment according to  
11 the most recent certified tax appraisal roll for Harris County; or

12 (2) at least 50 owners of real property in the  
13 district, if more than 50 persons own real property in the district  
14 according to the most recent certified tax appraisal roll for  
15 Harris County.

16 Sec. 3850.154. METHOD OF NOTICE FOR HEARING. (a) The  
17 district may mail the notice required by Section 375.115(c), Local  
18 Government Code, by certified or first class United States mail.  
19 The board shall determine the type of notice required based on  
20 whether adequate notice is provided by the method.

21 (b) If the district uses first class mail to provide the  
22 notice, the district must also publish the notice in a newspaper of  
23 general circulation in the district not later than the 20th day  
24 before the date of the event for which notice was provided.

25 Sec. 3850.155. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a)  
26 The board by resolution may impose and collect an assessment for any  
27 purpose authorized by this chapter.

1       (b) An assessment, a reassessment, or an assessment  
2 resulting from an addition to or correction of the assessment roll  
3 by the district, penalties and interest on an assessment or  
4 reassessment, an expense of collection, and reasonable attorney's  
5 fees incurred by the district:

6           (1) are a first and prior lien against the property  
7 assessed;

8           (2) are superior to any other lien or claim other than  
9 a lien or claim for county, school district, or municipal ad valorem  
10 taxes; and

11           (3) are the personal liability of and a charge against  
12 the owners of the property even if the owners are not named in the  
13 assessment proceedings.

14       (c) The lien is effective from the date of the board's  
15 resolution imposing the assessment until the date the assessment is  
16 paid. The board may enforce the lien in the same manner that the  
17 board may enforce an ad valorem tax lien against real property.

18       (d) The board may make a correction to or deletion from the  
19 assessment roll that does not increase the amount of assessment of  
20 any parcel of land without providing notice and holding a hearing in  
21 the manner required for additional assessments.

22       Sec. 3850.156. LIMITATION ON AMOUNT OF CERTAIN ASSESSMENTS.  
23 An assessment based on the taxable value of real property may not  
24 exceed 12 cents per \$100 of assessed valuation of taxable property  
25 in the district, according to the most recent certified tax  
26 appraisal roll for Harris County.

27       Sec. 3850.157. PUBLIC IMPROVEMENT DISTRICT ASSESSMENTS. An

1 assessment levied in the district for a public improvement district  
2 under Chapter 372, Local Government Code, may be used only under the  
3 terms for which the assessment was levied. Money raised by an  
4 assessment in the public improvement district under that chapter  
5 must be used in the public improvement district, and may not be  
6 transferred for use outside the area for which the assessment was  
7 originally levied.

8 Sec. 3850.158. UTILITY PROPERTY EXEMPT FROM IMPACT FEES AND  
9 ASSESSMENTS. The district may not impose an impact fee or  
10 assessment on the property, including the equipment,  
11 rights-of-way, facilities, or improvements, of:

12 (1) an electric utility or a power generation company  
13 as defined by Section 31.002, Utilities Code;

14 (2) a gas utility as defined by Section 101.003 or  
15 121.001, Utilities Code;

16 (3) a telecommunications provider as defined by  
17 Section 51.002, Utilities Code; or

18 (4) a person who provides to the public cable  
19 television or advanced telecommunications services.

20 Sec. 3850.159. AD VALOREM TAX. (a) If authorized at an  
21 election held in accordance with Section 3850.162, the district may  
22 impose an annual ad valorem tax on taxable property in the district  
23 to:

24 (1) maintain and operate the district;

25 (2) construct or acquire improvements; or

26 (3) provide a service.

27 (b) The board shall determine the tax rate. The rate may not

1 exceed the rate approved at the election.

2 Sec. 3850.160. BONDS AND OTHER OBLIGATIONS. (a) The  
3 district may issue bonds or other obligations payable wholly or  
4 partly from taxes, assessments, impact fees, revenue, grants, or  
5 other money of the district, or any combination of those sources of  
6 money, to pay for any authorized purpose of the district.

7 (b) The district may issue a bond or other obligation in the  
8 form of a bond, note, certificate of participation or other  
9 instrument evidencing a proportionate interest in payments to be  
10 made by the district, or other type of obligation.

11 Sec. 3850.161. TAXES FOR BONDS AND OTHER OBLIGATIONS. At  
12 the time bonds or other obligations payable wholly or partly from ad  
13 valorem taxes are issued:

14 (1) the board shall impose a continuing direct annual  
15 ad valorem tax, without limit as to rate or amount, for each year  
16 that all or part of the bonds are outstanding; and

17 (2) the district annually shall impose the continuing  
18 direct ad valorem tax on all taxable property in the district in an  
19 amount sufficient to:

20 (A) pay the interest on the bonds or other  
21 obligations as the interest becomes due;

22 (B) create a sinking fund for the payment of the  
23 principal of the bonds or other obligations when due or the  
24 redemption price at any earlier required redemption date; and

25 (C) pay the expenses of imposing the taxes.

26 Sec. 3850.162. TAX AND BOND ELECTIONS. (a) The district  
27 shall hold an election in the manner provided by Subchapter L,

1 Chapter 375, Local Government Code, to obtain voter approval before  
2 the district imposes an ad valorem tax or issues bonds payable from  
3 ad valorem taxes. The proposition for an election approving an ad  
4 valorem tax must specify the maximum tax rate authorized.

5 (b) Section 375.243, Local Government Code, does not apply  
6 to the district.

7 Sec. 3850.163. CITY OF HOUSTON NOT REQUIRED TO PAY DISTRICT  
8 OBLIGATIONS. Except as provided by Section 375.263, Local  
9 Government Code, the City of Houston is not required to pay a bond,  
10 note, or other obligation of the district.

11 Sec. 3850.164. COMPETITIVE BIDDING. Section 375.221, Local  
12 Government Code, applies to the district only for a contract that  
13 has a value greater than \$25,000.

14 Sec. 3850.165. TAX AND ASSESSMENT ABATEMENTS. The district  
15 may grant in the manner authorized by Chapter 312, Tax Code, an  
16 abatement for a tax or assessment owed to the district.

17 [Sections 3850.166-3850.200 reserved for expansion]

18 SUBCHAPTER E. DISSOLUTION

19 Sec. 3850.201. DISSOLUTION OF DISTRICT WITH OUTSTANDING  
20 DEBT. (a) The board may dissolve the district regardless of  
21 whether the district has debt. Section 375.264, Local Government  
22 Code, does not apply to the district.

23 (b) If the district has debt when it is dissolved, the  
24 district shall remain in existence solely for the purpose of  
25 discharging its debts. The dissolution is effective when all debts  
26 have been discharged.

27 SECTION 2. As of the effective date of this Act, the Greater

1 Sharpstown Management District includes all territory contained in  
2 the following described area:

3       Beginning at the intersection of the East Right of Way of  
4 Beltway 8 and the South Right of Way of the Westpark Tollway,  
5 Thence East along the South Right of Way of the Westpark Tollway to  
6 the East Right of Way of Gessner,  
7 Thence North along the East Right of Way of Gessner to the North  
8 Right of Way of Westpark,  
9 Thence East along the North Right of Way of Westpark to the East  
10 Right of Way of Highway 59,  
11 Thence Southwest along the East Right of Way of Highway 59 to the  
12 East Right of Way of Hillcroft,  
13 Thence Southeast following South along the East Right of Way of  
14 Hillcroft to the South Right of Way of Bissonnet,  
15 Thence Southwest along the South Right of Way of Bissonnet to the  
16 West Right of Way of Gessner,  
17 Thence North along the West Right of Way of Gessner to the East  
18 Right of Way of Highway 59,  
19 Thence Southwest along the East Right of Way of Highway 59 to the  
20 East Right of Way of Beltway 8,  
21 Thence North along the East Right of Way of Beltway 8, to the Point  
22 of Beginning.

23 SAVE AND EXCEPT the following parcels, identified by their Harris  
24 County Appraisal District account numbers:

25 1034150000001 RES D BLK 4 BELTWAY R/P & EXTN; 1052570000001 RES D  
26 BLK 4 (061\*TR D4) TOWN PARK; 0915050000007 TR 19C (001\*TR 19A-2)  
27 SHARPSTOWN ACREAGE; 0930640000002 TRS 31 & 31E BLK 31 (001\*TRS

1 31A-2B 31A-2C 31A-4 & 31A-5) SHARPSTOWN INDUSTRIAL PARK 11;  
2 1071900000004 RES A3 BLK 3 (001\*TR A2) REGENCY SQ OFFICE PARK 3 R/P;  
3 1071900000005 RES A5 BLK 3 (001\*TR 4A) REGENCY SQ OFFICE PARK 3 R/P;  
4 0930630000017 TRS 28G & 28H BLK 28 (001\*TR 28J) SHARPSTOWN  
5 INDUSTRIAL PARK 11; 1170330000001 RES A ROZNOV BUSINESS PARK;  
6 1059760000001 RES A BLK 1 COMMERCE PARK SEC 2; 1169370000001 RES A  
7 MCCALL BUSINESS PARK; 1080620000005 RES A6 & A7 BLK 1 (008\*LT 7 & TR  
8 6A)(061\*TR A7) WESTWOOD CENTER SEC 2; 1080620000009 RES A8 BLK 1  
9 (008\*TR 6A) WESTWOOD CENTER SEC 2; 1080620000010 RES A9 BLK 1  
10 (061\*TR A2) WESTWOOD CENTER SEC 2; 1080620000002 RES A1 BLK 1  
11 (008\*TR 1 BLK 1 PT RES A) WESTWOOD CENTER SEC 2; 1080560000011 RES  
12 A4 & A5 BLK 1 WESTWOOD CENTER SEC 1; 1121370000043 RES B2 (061\*TR  
13 B2) SUGAR BRANCH; 0915440000013 TR 2A-1 BLK 8 (001\*TR 2B-1)  
14 SHARPSTOWN INDUSTRIAL PARK 4

15 SECTION 3. A petition filed under Section 3850.153, Special  
16 District Local Laws Code, as added by this Act, may be dated before  
17 the effective date of this Act.

18 SECTION 4. If the Greater Sharpstown Management District  
19 imposes an assessment on property under Subchapter D, Chapter 3850,  
20 Special District Local Laws Code, as added by this Act, the district  
21 shall credit against the district's first annual assessment an  
22 amount equal to that year's assessment paid on that property for a  
23 public improvement district under Chapter 372, Local Government  
24 Code.

25 SECTION 5. The legislature finds that:

26 (1) proper and legal notice of the intention to  
27 introduce this Act, setting forth the general substance of this



1 Act, has been published as provided by law, and the notice and a  
2 copy of this Act have been furnished to all persons, agencies,  
3 officials, or entities to which they are required to be furnished by  
4 the constitution and laws of this state, including the governor,  
5 who has submitted the notice and Act to the Texas Commission on  
6 Environmental Quality;

7 (2) the Texas Commission on Environmental Quality has  
8 filed its recommendations relating to this Act with the governor,  
9 lieutenant governor, and speaker of the house of representatives  
10 within the required time;

11 (3) the general law relating to consent by political  
12 subdivisions to the creation of districts with conservation,  
13 reclamation, and road powers and the inclusion of land in those  
14 districts has been complied with; and

15 (4) all requirements of the constitution and laws of  
16 this state and the rules and procedures of the legislature with  
17 respect to the notice, introduction, and passage of this Act have  
18 been fulfilled and accomplished.

19 SECTION 6. This Act takes effect immediately if it receives  
20 a vote of two-thirds of all the members elected to each house, as  
21 provided by Section 39, Article III, Texas Constitution. If this  
22 Act does not receive the vote necessary for immediate effect, this  
23 Act takes effect September 1, 2005.