

By: Ellis

S.B. No. 1833

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Harris County Improvement District No. 7; providing authority to impose a tax and issue bonds.

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

SECTION 1. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 7. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3844 to read as follows:

CHAPTER 3844. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 7

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3844.001. DEFINITIONS. In this chapter:

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

(2) "District" means the Harris County Improvement District No. 7.

Sec. 3844.002. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 7. A special district known as the "Harris County Improvement District No. 7" is a governmental agency and political subdivision of this state.

Sec. 3844.003. 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 Harris County, the City of Houston, and other political subdivisions to

1 contract with the district, the legislature has established a  
2 program to accomplish the public purposes set out in Section 52-a,  
3 Article III, Texas Constitution.

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

9 (c) This chapter and the creation of the district may not be  
10 interpreted to relieve Harris County or the City of Houston from  
11 providing the level of services provided as of September 1, 2005, to  
12 the area in the district or to release the county or the city from  
13 the obligations of each entity to provide services to that area.  
14 The district is created to supplement and not to supplant the county  
15 or city services provided in the area in the district.

16 Sec. 3844.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a)  
17 The district is created to serve a public use and benefit.

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

23 (c) Each improvement project or service authorized by this  
24 chapter is essential to carry out a public purpose.

25 (d) The creation of the district is in the public interest  
26 and is essential to:

27 (1) further the public purposes of developing and

1 diversifying the economy of the state;

2 (2) eliminate unemployment and underemployment; and

3 (3) develop or expand transportation and commerce.

4 (e) The district will:

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

8 (2) provide needed funding for the district to  
9 preserve, maintain, and enhance the economic health and vitality of  
10 the area as a community and business center;

11 (3) promote the health, safety, welfare, and enjoyment  
12 of the public by providing public art and pedestrian ways and by  
13 landscaping and developing certain areas in the district, which are  
14 necessary for the restoration, preservation, and enhancement of  
15 scenic and aesthetic beauty;

16 (4) promote and benefit commercial development and  
17 commercial areas in the district; and

18 (5) promote and develop public transportation and  
19 pedestrian facilities and systems using new and alternative means  
20 that are attractive, safe, and convenient, including securing  
21 expanded and improved transportation and pedestrian facilities and  
22 systems, to:

23 (A) address the problem of traffic congestion in  
24 the district, the need to control traffic and improve pedestrian  
25 safety, and the limited availability of money; and

26 (B) benefit the land and other property in the  
27 district and the residents, employers, employees, visitors, and

1 consumers in the district and the public.

2 (f) Pedestrian ways along or across a street, whether at  
3 grade or above or below the surface, and street lighting, street  
4 landscaping, and street art objects are parts of and necessary  
5 components of a street and are considered to be a street or road  
6 improvement.

7 (g) The district will not act as the agent or  
8 instrumentality of any private interest even though the district  
9 will benefit many private interests as well as the public.

10 Sec. 3844.005. DISTRICT TERRITORY. (a) The district is  
11 composed of the territory described by Section 2 of the Act enacting  
12 this chapter, as that territory may have been modified under:

- 13 (1) Section 3844.105;
- 14 (2) Subchapter J, Chapter 49, Water Code; or
- 15 (3) other law.

16 (b) The boundaries and field notes of the district contained  
17 in Section 2 of this Act form a closure. A mistake in the field  
18 notes or in copying the field notes in the legislative process does  
19 not in any way affect:

- 20 (1) the district's organization, existence, and  
21 validity;
- 22 (2) the district's right to issue any type of bond,  
23 including a refunding bond, for a purpose for which the district is  
24 created or to pay the principal of and interest on the bond;
- 25 (3) the district's right to impose and collect an  
26 assessment or tax; or
- 27 (4) the legality or operation of the district or the

1 board.

2 (c) A description of the district's boundaries shall be  
3 filed with the Texas Commission on Environmental Quality. The  
4 commission by order may correct a mistake in the description of the  
5 district's boundaries.

6 Sec. 3844.006. TORT LIABILITY. The district is a  
7 governmental unit under Chapter 101, Civil Practice and Remedies  
8 Code, and the operations of the district are essential government  
9 functions and are not proprietary functions for any purpose,  
10 including the application of Chapter 101, Civil Practice and  
11 Remedies Code.

12 Sec. 3844.007. ELIGIBILITY FOR REINVESTMENT ZONES. All or  
13 any part of the area of the district is eligible to be included in a  
14 tax increment reinvestment zone created by the City of Houston  
15 under Chapter 311, Tax Code.

16 Sec. 3844.008. LIBERAL CONSTRUCTION OF CHAPTER. This  
17 chapter shall be liberally construed in conformity with the  
18 findings and purposes stated in this chapter.

19 [Sections 3844.009-3844.050 reserved for expansion]

20 SUBCHAPTER B. BOARD OF DIRECTORS

21 Sec. 3844.051. BOARD OF DIRECTORS; TERMS. (a) The  
22 district is governed by a board of five directors who serve  
23 staggered terms of four years with two or three directors' terms  
24 expiring June 1 of each odd-numbered year.

25 (b) The board by resolution may increase or decrease the  
26 number of directors on the board, but only if a majority of the  
27 board finds that it is in the best interest of the district to do so.

1 The board may not:

2 (1) increase the number of directors to more than  
3 nine; or

4 (2) decrease the number of directors to fewer than  
5 five.

6 (c) Sections 49.053, 49.054, 49.056, 49.057, 49.058, and  
7 49.060, Water Code, apply to the board.

8 (d) Subchapter D, Chapter 375, Local Government Code,  
9 applies to the board to the extent that subchapter does not conflict  
10 with this chapter.

11 Sec. 3844.052. APPOINTMENT OF DIRECTORS ON INCREASE IN  
12 BOARD SIZE. If the board increases the number of directors under  
13 Section 3844.051, the board shall appoint qualified persons to fill  
14 the new director positions and shall provide for staggering the  
15 terms of the directors serving in the new positions. On expiration  
16 of the term of a director appointed under this section, a succeeding  
17 director shall be appointed and qualified as provided by Subchapter  
18 D, Chapter 375, Local Government Code.

19 Sec. 3844.053. INITIAL DIRECTORS. (a) The initial board  
20 consists of:

| <u>Pos. No.</u> | <u>Name of Director</u> |
|-----------------|-------------------------|
| <u>1</u>        | =====                   |
| <u>2</u>        | =====                   |
| <u>3</u>        | =====                   |
| <u>4</u>        | =====                   |
| <u>5</u>        | =====                   |

27 (b) Of the initial directors, the terms of directors

1 appointed for positions 1 through 3 expire June 1, 2009, and the  
2 terms of directors appointed for positions 4 and 5 expire June 1,  
3 2007.

4 (c) Section 3844.051 does not apply to this section.

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

6 [Sections 3844.054-3844.100 reserved for expansion]

7 SUBCHAPTER C. POWERS AND DUTIES

8 Sec. 3844.101. DISTRICT POWERS. The district has:

9 (1) all powers necessary to accomplish the purposes  
10 for which the district was created;

11 (2) the rights, powers, privileges, authority, and  
12 functions of a district created under Chapter 375, Local Government  
13 Code;

14 (3) the powers, duties, and contracting authority  
15 specified by Subchapters H and I, Chapter 49, Water Code;

16 (4) the powers given to a corporation under Section  
17 4B, Development Corporation Act of 1979 (Article 5190.7, Vernon's  
18 Texas Civil Statutes), including the power to own, operate,  
19 acquire, construct, lease, improve, and maintain the projects  
20 described by that section; and

21 (5) the powers of a housing finance corporation  
22 created under Chapter 394, Local Government Code.

23 Sec. 3844.102. NONPROFIT CORPORATION. (a) The board by  
24 resolution may authorize the creation of a nonprofit corporation to  
25 assist and act for the district in implementing a project or  
26 providing a service authorized by this chapter.

27 (b) The nonprofit corporation:

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

4           (2) may implement any project and provide any service  
5 authorized by this chapter.

6           (c) The board shall appoint the board of directors of the  
7 nonprofit corporation. The board of directors of the nonprofit  
8 corporation shall serve in the same manner as, for the same term as,  
9 and on the same conditions as the board of directors of a local  
10 government corporation created under Chapter 431, Transportation  
11 Code.

12           Sec. 3844.103. ELECTIONS. (a) District elections must be  
13 held in the manner provided by Subchapter L, Chapter 375, Local  
14 Government Code.

15           (b) The board may submit multiple purposes in a single  
16 proposition at an election.

17           Sec. 3844.104. CONTRACT FOR LAW ENFORCEMENT AND SECURITY  
18 SERVICES. The district may contract with:

19           (1) Harris County or the City of Houston for the county  
20 or city to provide law enforcement and security services for a fee;  
21 and

22           (2) a private entity for the private entity to provide  
23 supplemental security services.

24           Sec. 3844.105. ANNEXATION OR EXCLUSION OF TERRITORY. The  
25 district may annex or exclude land from the district in the manner  
26 provided by Subchapter C, Chapter 375, Local Government Code.

27           Sec. 3844.106. NO EMINENT DOMAIN POWER. The district may



1 not exercise the power of eminent domain.

2 [Sections 3844.107-3844.150 reserved for expansion]

3 SUBCHAPTER D. PUBLIC TRANSIT SYSTEM AND PARKING FACILITIES

4 Sec. 3844.151. PUBLIC TRANSIT SYSTEM; PETITION REQUIRED.

5 (a) The district may acquire, lease as lessor or lessee, construct,  
6 develop, own, operate, and maintain a public transit system to  
7 serve the area within the boundaries of the district.

8 (b) Before the district may act under Subsection (a), a  
9 petition must be filed with the district requesting the action with  
10 regard to a public transit system. The petition must be signed by  
11 owners of property representing a majority of either the total  
12 assessed value or the area of the real property in the district that  
13 abuts the right-of-way in which the public transit system is  
14 proposed to be located. The determination of a majority is based on  
15 the property owners along the entire right-of-way of the proposed  
16 transit project and may not be calculated on a block-by-block  
17 basis.

18 Sec. 3844.152. PARKING FACILITIES AUTHORIZED; OPERATION BY  
19 PRIVATE ENTITY; TAX EXEMPTION. (a) The district may acquire, lease  
20 as lessor or lessee, construct, develop, own, operate, and maintain  
21 parking facilities, including:

22 (1) lots, garages, parking terminals, or other  
23 structures or accommodations for the parking of motor vehicles; and

24 (2) equipment, entrances, exits, fencing, and other  
25 accessories necessary for safety and convenience in the parking of  
26 vehicles.

27 (b) A parking facility of the district must be either leased

1 to or operated on behalf of the district by a private entity or an  
2 entity other than the district. The district's parking facilities  
3 are a program authorized by the legislature under Section 52-a,  
4 Article III, Texas Constitution, and accomplish a public purpose  
5 under that section even if leased or operated by a private entity  
6 for a term of years.

7 (c) The district's public parking facilities and any lease  
8 to a private entity are exempt from the payment of ad valorem taxes  
9 and state and local sales and use taxes.

10 Sec. 3844.153. RULES. The district may adopt rules  
11 covering its public transit system or its public parking facilities  
12 except that a rule relating to or affecting the use of the public  
13 right-of-way or a requirement for off-street parking is subject to  
14 all applicable municipal charter, code, or ordinance requirements.

15 Sec. 3844.154. FINANCING OF PUBLIC TRANSIT SYSTEM OR  
16 PARKING FACILITIES. (a) The district may use any of its resources,  
17 including revenue, assessments, taxes, and grant or contract  
18 proceeds, to pay the cost of acquiring and operating a public  
19 transit system or public parking facilities.

20 (b) The district may set and impose fees, charges, or tolls  
21 for the use of the public transit system or the public parking  
22 facilities and may issue bonds or notes to finance the cost of these  
23 facilities.

24 (c) Except as provided by Section 3844.151, if the district  
25 pays for or finances the cost of acquiring or operating a public  
26 transit system or public parking facilities with resources other  
27 than assessments, a petition of property owners or a public hearing

1 is not required.

2 Sec. 3844.155. PAYMENT IN LIEU OF TAXES TO OTHER TAXING  
3 UNIT. If the district's acquisition of property for a parking  
4 facility that is leased to or operated by a private entity results  
5 in the removal from a taxing unit's tax rolls of real property  
6 otherwise subject to ad valorem taxation, the district shall pay to  
7 the taxing unit in which the property is located, on or before  
8 January 1 of each year, as a payment in lieu of taxes, an amount  
9 equal to the ad valorem taxes that otherwise would have been imposed  
10 for the preceding tax year on that real property by the taxing unit,  
11 without including the value of any improvements constructed on the  
12 property.

13 [Sections 3844.156-3844.200 reserved for expansion]

14 SUBCHAPTER E. FINANCIAL PROVISIONS

15 Sec. 3844.201. AUTHORITY TO IMPOSE ASSESSMENTS, AD VALOREM  
16 TAXES, AND IMPACT FEES. The district may impose, assess, charge, or  
17 collect an assessment, an ad valorem tax, an impact fee, or another  
18 fee in accordance with Chapter 49, Water Code, for a purpose  
19 specified by Chapter 375, Local Government Code, or as needed to  
20 exercise a power or function or to accomplish a purpose or duty for  
21 which the district was created.

22 Sec. 3844.202. MAINTENANCE TAX. (a) If authorized at an  
23 election held in accordance with Section 3844.103, the district may  
24 impose an annual ad valorem tax on taxable property in the district  
25 to maintain, restore, replace, or operate the district and  
26 improvements that the district constructs or acquires or the  
27 district's facilities, works, or services.

1       (b) The board shall determine the tax rate.

2       Sec. 3844.203. ASSESSMENT IN PART OF DISTRICT. An  
3 assessment may be imposed on only a part of the district if only  
4 that part will benefit from the service or improvement.

5       Sec. 3844.204. PETITION REQUIRED FOR ASSESSMENT AND FOR  
6 FINANCING SERVICES AND IMPROVEMENTS. (a) The board may not impose  
7 an assessment or finance a service or improvement project under  
8 this chapter unless a written petition requesting the improvement  
9 or service has been filed with the board.

10       (b) The petition must be signed by:

11           (1) the owners of a majority of the assessed value of  
12 real property in the district or in the area of the district that  
13 will be subject to the assessment as determined by the most recent  
14 certified tax appraisal roll for Harris County; or

15           (2) at least 25 persons who own real property in the  
16 district or the area of the district that will be subject to the  
17 assessment, if more than 25 persons own real property in the  
18 district or area that will be subject to the assessment as  
19 determined by the most recent certified tax appraisal roll for  
20 Harris County.

21       Sec. 3844.205. ASSESSMENTS CONSIDERED TAXES. For purposes  
22 of a title insurance policy issued under Chapter 9, Insurance Code,  
23 an assessment is a tax.

24       Sec. 3844.206. LIENS FOR ASSESSMENTS; SUITS TO RECOVER  
25 ASSESSMENTS. (a) An assessment imposed on property under this  
26 chapter is a personal obligation of the person who owns the property  
27 on January 1 of the year for which the assessment is imposed. If the

1 person transfers title to the property, the person is not relieved  
2 of the obligation.

3 (b) On January 1 of the year for which an assessment is  
4 imposed on a property, a lien attaches to the property to secure the  
5 payment of the assessment and any interest accrued on the  
6 assessment. The lien has the same priority as a lien for district  
7 taxes.

8 (c) Not later than the fourth anniversary of the date on  
9 which a delinquent assessment became due, the district may file  
10 suit to foreclose the lien or to enforce the obligation for the  
11 assessment, or both, and for any interest accrued.

12 (d) In addition to recovering the amount of the assessment  
13 and any accrued interest, the district may recover reasonable  
14 costs, including attorney's fees, that the district incurs in  
15 foreclosing the lien or enforcing the obligation. The costs may not  
16 exceed an amount equal to 20 percent of the assessment and interest.

17 (e) If the district does not file a suit in connection with a  
18 delinquent assessment on or before the last date on which the  
19 district may file suit under Subsection (c), the assessment and any  
20 interest accrued is considered paid.

21 Sec. 3844.207. PROPERTY OF CERTAIN UTILITIES EXEMPT FROM  
22 ASSESSMENT AND IMPACT FEES. The district may not impose an impact  
23 fee or assessment on the property, including equipment or  
24 facilities, of:

25 (1) an electric utility as defined by Section 31.002,  
26 Utilities Code;

27 (2) a gas utility as defined by Section 101.003 or

1 121.001, Utilities Code;

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

4 (4) a cable operator as defined by 47 U.S.C. Section  
5 522, as amended.

6 Sec. 3844.208. USE OF ELECTRICAL OR OPTICAL LINES. (a) The  
7 district may impose an assessment to pay the cost of:

8 (1) burying or removing electrical power lines,  
9 telephone lines, cable or fiber optic lines, or any other type of  
10 electrical or optical line;

11 (2) removing poles and any elevated lines using the  
12 poles; and

13 (3) reconnecting the lines described by Subdivision  
14 (2) to the buildings or other improvements to which the lines were  
15 connected.

16 (b) The district may acquire, operate, or charge fees for  
17 the use of the district conduits for:

18 (1) another person's:

19 (A) telecommunications network;

20 (B) fiber-optic cable; or

21 (C) electronic transmission line; or

22 (2) any other type of transmission line or supporting  
23 facility.

24 (c) The district may not require a person to use a district  
25 conduit.

26 Sec. 3844.209. DEBT. The district may issue bonds, notes,  
27 or other debt obligations in accordance with Subchapters I and J,

1 Chapter 375, Local Government Code, for a purpose specified by that  
2 chapter or as required to exercise a power or function or to  
3 accomplish a purpose or duty for which the district was created.

4 [Sections 3844.210-3844.250 reserved for expansion]

5 SUBCHAPTER F. DISSOLUTION

6 Sec. 3844.251. DISSOLUTION OF DISTRICT WITH OUTSTANDING  
7 DEBT. (a) The district may be dissolved as provided by Subchapter  
8 M, Chapter 375, Local Government Code, except that Section 375.264,  
9 Local Government Code, does not apply to the district.

10 (b) If the district has debt when it is dissolved, the  
11 district shall remain in existence solely for the purpose of  
12 discharging its bonds or other obligations according to their  
13 terms.

14 SECTION 2. BOUNDARIES. As of the effective date of this  
15 Act, the Harris County Improvement District No. 7 includes all  
16 territory contained in the following described area:

17 UNLESS otherwise specified, the boundaries of this district will  
18 travel along the centerline of each street included, and each  
19 intersection will be the intersection of the centerlines of the  
20 streets mentioned.

21 BEGINNING at the intersection of Heiner Street with Allen Parkway.  
22 Then in a westerly direction along Allen Parkway to its  
23 intersection with Montrose Boulevard.

24 Then in a southerly direction along Montrose Boulevard to its  
25 intersection with West Dallas Street.

26 Then in an easterly direction along West Dallas Street to its  
27 intersection with Taft Street.

1 Then in a southerly direction along Taft Street to its intersection  
2 with Welch Avenue.

3 Then in an easterly direction along Welch Avenue to its  
4 intersection with Genesee Street and Dennis Avenue.

5 Then in a northerly direction along Genesee Street to its  
6 intersection with Sutton.

7 Then in an easterly direction along Sutton to its intersection with  
8 Bailey Street.

9 Then in a northerly direction along Bailey Street to its  
10 intersection with West Webster Avenue.

11 Then in an easterly direction along West Webster Avenue to its  
12 intersection with Webster Avenue.

13 Then in a northwesterly direction along Webster Avenue to its  
14 intersection with West Gray Avenue.

15 Then in an easterly and southeasterly direction along West Gray  
16 Avenue to its intersection with Baldwin Street.

17 Then in a northeasterly direction along Baldwin Street to its  
18 intersection with St. Joseph.

19 Then in a northwesterly direction along St. Joseph to the southerly  
20 dead end of Arthur Street.

21 Then in a northerly direction along Arthur Street to its  
22 intersection with Cleveland Street.

23 Then in an easterly direction along Cleveland Street to its  
24 intersection with Heiner Street.

25 Then in a northerly direction along Heiner Street to the POINT OF  
26 BEGINNING.

27 SECTION 3. LEGISLATIVE FINDINGS. The legislature finds



1 that:

2 (1) proper and legal notice of the intention to  
3 introduce this Act, setting forth the general substance of this  
4 Act, has been published as provided by law, and the notice and a  
5 copy of this Act have been furnished to all persons, agencies,  
6 officials, or entities to which they are required to be furnished by  
7 the constitution and laws of this state, including the governor,  
8 who has submitted the notice and Act to the Texas Commission on  
9 Environmental Quality;

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

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

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

22 SECTION 4. EFFECTIVE DATE. This Act takes effect  
23 immediately if it receives a vote of two-thirds of all the members  
24 elected to each house, as provided by Section 39, Article III, Texas  
25 Constitution. If this Act does not receive the vote necessary for  
26 immediate effect, this Act takes effect September 1, 2005.