

## **BILL ANALYSIS**

C.S.H.B. 4053  
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Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The proposed complete committee substitute for House Bill No. 4053 creates the Galveston East End Management District (district) as a political subdivision of the State of Texas to administer and provide funding for community improvement projects and services in certain areas of the east end of the City of Galveston, Texas (city).

Property owners on the east end of the city have organized to create the district in an effort to construct and maintain certain community improvement projects and to supplement services of the city and Galveston County (county). The district will be a municipal management district similar to those operating pursuant to Chapter 375, Local Government 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. GALVESTON GRAND BEACH MANAGEMENT DISTRICT. Amends Subtitle C, Title 4, Special District Local Laws Code by adding Chapter 3856 as follows:

CHAPTER 3856. GALVESTON EAST END MANAGEMENT DISTRICT.

SUBCHAPTER A. GENERAL PROVISIONS.

3856.001. DEFINITIONS. Defines “board” and “district.”

3856.002. GALVESTON GRAND BEACH MANAGEMENT DISTRICT. Creates the district as a special district under Section 59, Article XVI, Texas Constitution.

3856.003. PURPOSE; DECLARATION OF INTENT. Sets forth findings that the creation of the district is essential to accomplish certain public purposes, provides that the creation of the district and this legislation are not to relieve the county or the city from providing the level of services, as of the effective date of this Act, to the area in the district, and provides that the district is to supplement and not supplant the county or city services provided in the area in the district.

3856.004. 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 included in the district will benefit from the improvements and services to be provided by the district.

(c) Provides that the creation of the district is in the public interest and is essential to further the public purposes of the development and diversification of the economy of the state and eliminate unemployment and underemployment and develop or expand transportation and commerce.

(d) Provides that the district will serve the public purposes of promoting the health, safety and general welfare of those in the district as well as the general public, provide necessary funding

for the economic health and vitality of the district as a community and business center and restore, preserve and enhance landscaping and scenic beauty of the district.

(e) Provides that pedestrian ways along or across a street, whether at grade or above or below the surface, and street lighting, street landscaping, and street art objects are part 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 many private interests will be benefited by the district, as will the general public.

3856.005. DISTRICT TERRITORY. (a) Provides that the district is composed of the territory described by Section 2 of the Act, as that territory may have been modified under Section 3856.108; Subchapter J, Chapter 49, Water Code or other law.

(b) Provides that the boundaries and field notes of the district form a closure. Provides that if a mistake is made in the field notes or in copying the field notes in the legislative process, the mistake does not in any way affect the district's organization, existence, or validity, its right to issue any type of bond for a purpose for which the district is created or to pay the principal of and interest on a bond, its right to impose or collect an assessment or a tax, or its legality or operation.

3856.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. Provides that the district is eligible for inclusion in a tax increment reinvestment zone created by the city under Chapter 311, Tax Code, a tax abatement reinvestment zone created by the city under Chapter 312, Tax Code, or an enterprise zone created by the city under Chapter 2303, Government Code.

3856.007. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICTS LAW. Provides that except as otherwise provided in this chapter, Chapter 375, Local Government Code applies to the district.

3856.008. LIBERAL CONSTRUCTION OF CHAPTER. Requires that this chapter be liberally construed in conformity with the findings and purposes stated in this chapter.

[3856.009 – 3856.050 reserved for expansion.]

#### SUBCHAPTER B. BOARD OF DIRECTORS.

3856.051. GOVERNING BODY; TERMS. Sets forth general provisions for the board.

3856.052. APPOINTMENT OF DIRECTORS. Provides for the appointment of the board.

3856.053. NONVOTING DIRECTORS. Provides a list of the people who shall serve as nonvoting directors.

3856.054. CONFLICTS OF INTEREST; ONE-TIME AFFIDAVIT. Provides for the procedures a board member must follow if the member has a conflict of interest with a matter before the board.

3856.055. INITIAL VOTING DIRECTORS. Provides the names and terms of the initial directors of the board.

[3856.056 – 3856.100 reserved for expansion.]

#### SUBCHAPTER C. POWERS AND DUTIES.

3856.101. ADDITIONAL POWERS OF DISTRICT. Provides that the district may also exercise the powers given to a corporation created under Section 4B, Development Corporation Act of 1979 (economic development projects), a housing finance corporation created under Chapter 394, Local Government Code (to provide housing or residential development projects in the district), entities described in Chapters 441 and 284, Transportation Code (causeways,

bridges, tunnels and similar projects and projects authorized for road utility districts) and districts governed by Subchapters E and M, Chapter 60, Water Code and Section 61.116, Water Code.

3856.102. NONPROFIT CORPORATION. (a) Authorizes the board by resolution to create a nonprofit corporation to assist and act on behalf of the district in implementing a project or providing a service authorized by this chapter.

(b) Provides that a nonprofit corporation has the powers of and is considered for purposes of this chapter to be a local government corporation created under Chapter 431, Transportation Code.

(c) Requires the board to appoint the board of directors of a nonprofit corporation created under this section, and provides that the board of directors of the nonprofit corporation serve in the same manner, term, and conditions as a board of directors of a local government corporation created under Chapter 431, Transportation Code.

3856.103. AGREEMENTS; GRANTS. (a) Provides that the district may 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, Government Code

3856.104. AUTHORITY TO CONTRACT FOR LAW ENFORCEMENT. Authorizes the district, to protect the public interest, to contract with the city or the county for the city or the county to provide law enforcement services in the district for a fee.

3856.105. COMPETITIVE BIDDING. Provides that the competitive bidding requirement in Section 375.221, Local Government Code, only applies to a contract that has a value greater than \$25,000.

3856.106. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. Authorizes the district to join and pay dues to a charitable organization, and perform services or provide activities consistent with the furtherance of the purposes of the district.

3856.107. ECONOMIC DEVELOPMENT PROGRAMS. Provides that the district may establish and provide for the administration of one or more programs, including programs for making loans and grants and providing personnel and services of the district, to promote state or local economic development and to stimulate business and commercial activity in the district. Provides that the district has all the powers and authority of a municipality under Chapter 380, Local Government Code.

3856.108. ANNEXATION. Provides that the district may (1) annex territory as provided by Subchapter C, Chapter 375, Local Government Code and (2) annex territory located inside the boundaries of a reinvestment zone created by the city under Chapter 311, Tax Code, if the governing body of the city consents to the annexation.

3859.109. NO EMINENT DOMAIN. Provides that the district may not exercise the power of eminent domain.

[3856.110 – 3856.150 reserved for expansion.]

#### SUBCHAPTER D. FINANCIAL PROVISIONS.

3856.151. DISBURSEMENTS AND TRANSFERS OF MONEY. Provides for the procedures required for a disbursement or transfer of the district's money.

3856.152. TAX AND BOND ELECTIONS. (a) Requires the district to hold an election in accordance with Subchapter L, Chapter 375, Local Government Code, to obtain voter approval before the district imposes a maintenance tax or issue bonds payable from ad valorem taxes.

(b) Authorizes the board to include more than one purpose in a single proposition at an election.

(c) Provides that Section 375.243, Local Government Code (requiring a petition for bond elections), does not apply to the district.

3856.153. AD VALOREM TAX. (a) Authorizes the district to impose an annual ad valorem tax on taxable property in the district to maintain and operate the district, construct or acquire improvements or provide a service, if approved by an election held in accordance with Section 3856.152.

(b) Provides that the board shall determine the tax rate.

3856.154. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a) Authorizes the board to impose and collect an assessment for any purpose authorized by this chapter.

(b) Provides that the district may not impose an assessment on a parcel of real property the taxable value of which at the time of the assessment is less than \$50,000, unless the owner of such parcel agrees in writing to an assessment.

(c) Provides the priority of liens for the district.

(d) Provides that the lien is effective from the date of the board's resolution imposing the assessment until the date the assessment is paid and the board may enforce the lien in the same manner that the board may enforce an ad valorem tax lien against real property.

(e) Provides that the board may make corrections or deletions from the assessment roll without notice or a hearing as long as the corrections or deletions do not increase the amount of assessment on any one parcel of land.

3856.155. PETITION REQUIRED FOR FINANCING SERVICES AND IMPROVEMENTS WITH ASSESSMENTS. Provides that the board may not finance a service or improvement project through an assessment under this Act unless a written petition requesting that service or improvement has been filed with the board. The petition must be signed by: (1) the owners of a majority of the assessed value of real property in the district that will be subject to the assessment according to the most recent certified tax appraisal roll for the county or (2) at least 25 owners of land in the district, if more than 25 persons own land in the district according to the most recent certified tax appraisal roll for the county.

3856.156. UTILITY PROPERTY EXEMPT FROM IMPACT FEES OR ASSESSMENTS. Provides that a district may not impose an assessment or impact fee on the property, equipment, rights-of-way, facilities, or improvements, of an electric utility or power generation company, a gas utility, or of a person that provides to the public cable television or advanced telecommunications services.

3856.157. BONDS AND OTHER OBLIGATIONS. (a) Authorizes the district to issue bonds or other obligations payable in whole or part from ad valorem taxes, assessments, impact fees, revenue, grants, other money sources of the district or any combination of sources to pay for any authorized purpose of the district.

(b) Authorizes the district to issue a bond or other obligation evidencing a proportionate interest in payments to be made by the district.

3856.158. MUNICIPALITY NOT REQUIRED TO PAY DISTRICT OBLIGATIONS. Provides that, except as provided by Section 375.263, Local Government code (assumption of liabilities and assets upon dissolution by the city), the city is not obligated to pay any bonds, notes, or other obligations of the district.

[3856.159 – 3856.200 reserved for expansion.]

#### SUBCHAPTER E. DISSOLUTION.

3856.201. EXCEPTION FOR DISSOLUTION OF DISTRICT WITH OUTSTANDING DEBT. (a) Authorizes the board to vote to dissolve a district that has debt. Requires the district, if the

vote is in favor of dissolution, to remain in existence solely for the limited purpose of discharging the debts. Provides that the dissolution is effective when all debts have been discharged.

(b) Provides that Section 375.264, Local Government Code, does not apply to the district (375.264 provides that a district may not be dissolved if it has any outstanding bonded indebtedness).

SECTION 2. BOUNDARIES. Sets forth the geographical boundaries of the district.

SECTION 3. LEGISLATIVE FINDINGS. Sets forth legislative findings regarding the fulfillment of procedural requirements with respect to the notice, introduction, and passage of this Act.

SECTION 4. EFFECTIVE DATE. Provides that the effective date will be upon passage or September 1, 2007.

#### **EFFECTIVE DATE**

This Act takes effect upon passage if it receives a two-thirds majority vote in each house or September 1, 2007.

#### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The committee substitute proposes a change of name from the Galveston East End Management District to the Galveston Grand Beach Management District.

The committee substitute also revises the boundaries. Property owners, including residential, are proposed to be assessed. Additionally, the committee substitute lists the proposed initial board.