

BILL ANALYSIS

H.B. 4066
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Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

H.B. 4066 creates the NASA Area Management District (the “district”) as a political subdivision of the State of Texas to administer and provide funding for economic development projects and services in the district, which is located in the corporate limits of the City of Nassau Bay, 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. LEGISLATIVE FINDINGS. Makes certain legislative findings regarding the economic and social conditions of the area of the proposed district.

SECTION 2. NASA AREA MANAGEMENT DISTRICT. Amends Subtitle C, Title 4, Special District Local Laws Code, by adding Chapter 3842, as follows:

CHAPTER 3842. NASA AREA MANAGEMENT DISTRICT

Subchapter A. General Provisions

Sec. 3842.001. DEFINITIONS. Defines “Board” and “District.”

Sec. 3842.002. NASA AREA MANAGEMENT DISTRICT. Provides that the District is a special district created under Section 59, Article XVI, Texas Constitution.

Sec. 3842.003. PURPOSE; DECLARATION OF INTENT. Provides that the creation of the District is necessary and essential to the accomplishment of the described Constitutional purposes and other public purposes. Describes the necessity for the creation of the District. Provides that the creation of the District is not to be interpreted to relieve the City or County from providing the level of services already being provided to the area in the District.

Sec. 3842.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. States that the District is created to serve a public use and benefit and that all land included in the District will benefit from the improvements and services to be provided by the District. Provides that the creation of the District is in the public interest and essential to accomplish the described objectives. Describes the purposes of the District. Describes street or road improvements. 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. 3842.005. DISTRICT TERRITORY. Provides that the District is composed of the territory described in the Act. Provides that a mistake in the field notes does not affect the District’s organization, existence, or validity; authority to issue or pay principal and interests on bonds; authority to impose an assessment or tax; or legality or operation.

Sec. 3842.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. Provides that all or any part of the area of the District is eligible to be included in a tax increment reinvestment zone, a tax abatement reinvestment zone, or an enterprise zone.

Sec. 3842.007. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICTS LAW. Provides that Chapter 375, Local Government Code, applies to the District, except as otherwise provided by the chapter.

Sec. 3842.008. LIBERAL CONSTRUCTION OF CHAPTER. Requires the chapter to be liberally construed in conformity with the stated findings and purposes.

Subchapter B. Board of Directors

Sec. 3842.051. COMPOSITION; TERMS. Sets forth the number and terms of directors of the Board.

Sec. 3842.052. APPOINTMENT OF DIRECTORS. Provides for the appointment of directors by the City of Nassau Bay, and states that Section 375.063, Local Government Code, does not apply.

Sec. 3842.053. NONVOTING DIRECTORS. Appoints and authorizes the Board to appoint nonvoting directors.

Sec. 3842.054. QUORUM. Provides the requirements for determining whether a quorum of the Board is present.

Sec. 3842.055. INITIAL VOTING DIRECTORS. Provides that the City will identify the names and terms of the initial directors of the Board for the District.

Subchapter C. Powers and Duties

Sec. 3842.101. ADDITIONAL POWERS OF DISTRICT. Authorizes the District to exercise the powers of an economic development corporation or a housing finance corporation.

Sec. 3842.102. NONPROFIT CORPORATION. Authorizes the District to create a nonprofit corporation to assist and act for the District and describes the powers of such nonprofit corporation.

Sec. 3842.103. AGREEMENTS; GRANTS. Provides that the District may make an agreement with or accept a gift, grant, or loan from any person. Provides that the implementation of a project is a governmental function or service for the purposes of Chapter 791, Government Code.

Sec. 3842.104. AUTHORITY TO CONTRACT FOR LAW ENFORCEMENT. Authorizes the district to contract with a qualified party to provide law enforcement services in the District for a fee.

Sec. 3842.105. APPROVAL BY CITY OF NASSAU BAY. Describes District action that is subject to approval by the City.

Sec. 3842.106. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. Permits the District to join and pay dues to tax-exempt organization that performs services or provides activities consistent with the District's purposes.

Sec. 3842.107. ECONOMIC DEVELOPMENT PROGRAMS AND OTHER POWERS RELATED TO PLANNING AND DEVELOPMENT. Authorizes the District to establish programs to promote economic development and to stimulate business and commercial activity in the District. Authorizes the District to exercise the powers of a municipality under Chapter 380, Local Government Code.

Sec. 3842.108. ANNEXATION. Authorizes the District to annex territory in the City if the City consents to the annexation.

Sec. 3842.109. NO EMINENT DOMAIN. Prohibits the District from exercising the power of eminent domain.

Subchapter D. Financial Provisions

Sec. 3842.151. DISBURSEMENTS AND TRANSFERS OF MONEY. Requires the Board to establish the number of directors' signatures and the procedure required for a disbursement of the District's money.

Sec. 3842.152. MONEY USED FOR IMPROVEMENTS OR SERVICES. Authorizes the District to acquire, construct, finance, operate and maintain any authorized improvement or service using any money available to the District.

Sec. 3842.153. PETITION REQUIRED FOR FINANCING SERVICES AND IMPROVEMENTS. Provides that the Board may not finance a service or improvement project with assessments unless a written petition requesting that service or improvement has been filed with the Board. Sets forth the signature requirements for an assessment petition.

Sec. 3842.154. METHOD OF NOTICE FOR HEARING. Provides that notice for the assessment hearing may be mailed.

Sec. 3842.155. ASSESSEMENTS; LIENS FOR ASSESSEMENTS. Authorizes the Board to impose and collect an assessment for any authorized purpose. Provides that assessments a first and prior lien against the property assessed, are superior to any other lien or claim other than a lien or claim for certain ad valorem taxes, and are the personal liability of and a charge against the owners of the property. Provides that effective date of the lien and describes the manner of enforcement. 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 notice or hearing.

Sec. 3842.156. UTILITY PROPERTY EXEMPT FROM IMPACT FEES AND ASSESSEMENTS. Provides that the District may not impose an impact fee or assessment on the property of electric, gas, telephone, or cable utilities.

Sec. 3842.157. BONDS AND OTHER OBLIGATIONS. Authorizes the District to issue bonds payable wholly or partly from taxes, assessments, impact fees, revenue, grants, or other money of the District, to pay for any authorized purpose of the District. Provides that Section 375.243, Local Government Code, does not apply to the District, and that the limitation on the outstanding principal amount of bonds provided by Section 49.4645(a), Water Code, does not apply to the District.

Sec. 3842.158. CITY NOT REQUIRED TO PAY DISTRICT OBLIGATIONS. Provides that the City is not required to pay an obligation of the District, except as provided by Section 375.263, Local Government Code.

Sec. 3842.159. COMPETITIVE BIDDING. States that Section 375.221, Local Government Codes, applies to District contracts over \$50,000.

Sec. 3842.160. TAX AND ASSESSMENT ABATEMENTS. Authorizes the District to grant, consistent with Chapter 312, Tax Code, a tax or assessment abatement.

Sec. 3824.161. TAX INCREMENT FINANCING POWERS. Authorizes the district to designate all or part of the district as a tax increment reinvestment zone and to exercise the powers provided under Chapter 311, Tax Code. Authorizes the District to enter into an interlocal agreement for the payment of the tax increment and states that the District's Board function as the board of the zone. Provides that Section 311.009, Tax Code, does not apply to the District.

Subchapter E. Sales and Use Tax

Sec. 3842.201. MEANINGS OF WORDS AND PHRASES. Provides that words and phrases used in this subchapter conform to those definitions assigned by Chapters 151 and 321, Tax Code.

Sec. 3842.202. APPLICABILITY OF CERTAIN TAX CODE PROVISIONS. States that, except as otherwise provided, Subtitles A and B, Title 2, Tax Code, and Chapter 151, Tax Code, apply to taxes imposed, administered and enforced by the District. Provides that the provisions of Subchapters B, C, and D, Chapter 321, Tax Code, apply to the application of a sales and use tax imposed under this subchapter to the extent consistent with this chapter. Provides that Section 321.401-321.406 and Sections 321.506-321.508, Tax Code, do not apply to a tax imposed under this subchapter.

Sec. 3842.203. AUTHORIZATION. Provides that the District may adopt a sales and use tax for the benefit of the District without an election.

Sec. 3842.204. ABOLISHING SALES AND USE TAX. Authorizes the Board to abolish the sales and use tax without an election if there is no outstanding debt secured by the tax.

Sec. 3842.205. SALES AND USE TAX RATE. Describes the items subject to the tax upon adoption of the tax authorized by this subchapter. Authorizes the Board to determine the rate in an amount not to exceed the maximum rate authorized by the City. Authorizes the Board to reduce the tax rate, with the consent of the city, under certain circumstances. Provides that the rate of the excise tax is the same as the rate of the sales tax portion of the tax and is applied to the sales price of the taxable item.

Subchapter F. Dissolution

Sec. 3842.251. DISSOLUTION OF DISTRICT WITH OUTSTANDING DEBT. Authorizes the Board to dissolve the District and states that Section 375.264, Local Government Code, does not apply to the District. Provides that if the District has debt upon dissolution, the District shall remain in existing solely for the purpose of discharging its debts.

SECTION 3. Sets forth the geographical boundaries of the District.

SECTION 4. LEGISLATIVE FINDINGS. Sets forth legislative findings regarding the fulfillment of procedural requirements with respect to the notice, introduction, and passage of the Act.

SECTION 5. EFFECTIVE DATE. Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

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