

By: Smith of Harris, Noriega, Hernandez,
et al.

H.B. No. 3011

A BILL TO BE ENTITLED

AN ACT

relating to the creation of ship channel security districts by
certain populous counties.

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

SECTION 1. Title 4, Water Code, is amended by adding Chapter
68 to read as follows:

CHAPTER 68. SHIP CHANNEL SECURITY DISTRICTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 68.001. DEFINITIONS. In this chapter:

(1) "Board" means a district's board of directors.

(2) "District" means a ship channel security district
created under this chapter.

(3) "Security project" means a project promoting or
aiding security in a district.

(4) "Security service" means a service promoting or
aiding security in a district.

Sec. 68.002. NATURE OF DISTRICT; PURPOSE. A district is a
special district and political subdivision of this state. A
district is created under Section 59, Article XVI, Texas
Constitution, and is essential to accomplish the purposes of that
section and Sections 52 and 52-a, Article III, Texas Constitution.

Sec. 68.003. PUBLIC PURPOSE OF SECURITY PROJECTS. A
security project is owned, used, and held for public purposes by the
district.

1 Sec. 68.004. LIBERAL CONSTRUCTION OF CHAPTER. This chapter
2 shall be liberally construed in conformity with the findings and
3 purposes stated in this chapter.

4 Sec. 68.005. GENERAL WATER DISTRICT LAW NOT APPLICABLE.
5 Chapter 49 does not apply to a district.

6 [Sections 68.006-68.050 reserved for expansion]

7 SUBCHAPTER B. FACILITIES

8 Sec. 68.051. APPLICABILITY TO FACILITIES. (a) In this
9 section:

10 (1) "Chemical manufacturers' association" means an
11 association of chemical manufacturers, refiners, and supporting
12 distribution and terminal facility managers that operate in a
13 district.

14 (2) "Chemical manufacturers' association facility"
15 means a facility owned by a member of a chemical manufacturers'
16 association.

17 (3) "Mutual aid organization" means an organization
18 that operates in a district and whose:

19 (A) primary purpose is the promotion of social
20 welfare by providing assistance for the common good and general
21 welfare to and within the communities of its members for emergency
22 fire protection and other public safety matters; and

23 (B) members include various industries and
24 governmental entities with the resources required to participate in
25 those activities.

26 (b) This chapter applies to the following types of
27 facilities in the district:

- 1 (1) a chemical manufacturers' association facility;
2 (2) a mutual aid organization facility;
3 (3) a facility as defined in 46 U.S.C. Section 70101;
4 (4) a facility described by 33 C.F.R. Section
5 105.105(a);
6 (5) a facility subject to an area maritime
7 transportation security plan under 46 U.S.C. Section 70103(b);
8 (6) a facility subject to 40 C.F.R. Part 112;
9 (7) a general shipyard facility as defined by 46
10 C.F.R. Section 298.2;
11 (8) a facility included in one or more of the following
12 categories and codes of the 2007 North American Industry
13 Classification System:
14 (A) crude petroleum and natural gas extraction,
15 211111;
16 (B) petroleum refineries, 324110;
17 (C) petroleum manufacturing, 325110;
18 (D) petroleum lubricating oil and grease
19 manufacturing, 324191;
20 (E) all other petroleum and coal products
21 manufacturing, 324199;
22 (F) all other chemical and other manufacturing,
23 311111-339999;
24 (G) petroleum bulk stations and terminals,
25 424710;
26 (H) plastics, chemical, and petroleum
27 wholesalers, 424610, 424690, and 424720;

1 (I) transportation, including rail, water, and
2 road transportation and pipelines, 486110-486990, 488210, 488390,
3 and 488490;

4 (J) port and harbor operations, 488310;

5 (K) marine cargo handling, 488320;

6 (L) warehousing and storage, including general,
7 refrigerated, farm and other, 493110, 493120, 493130, and 493190;
8 and

9 (M) deep sea and coastal freight and passenger
10 transportation, 483111-483114; and

11 (9) a facility described by Subsection (c).

12 (c) After the district is created, the commissioners court
13 that created the district by order may provide for this chapter to
14 apply to any other facility that the district by petition requests
15 the court to add.

16 (d) This chapter does not apply to the following facilities:

17 (1) a residential property, including a single-family
18 or multifamily residence;

19 (2) a retail or service business that is not a facility
20 as defined by 46 U.S.C. Section 70101; or

21 (3) a public access facility as defined by 33 C.F.R.
22 Section 101.105.

23 Sec. 68.052. DESIGNEES FOR FACILITY OWNERS. A facility's
24 owner may designate a person:

25 (1) to act for the owner in connection with a district;
26 and

27 (2) to bind the owner under this chapter.

1 [Sections 68.053-68.100 reserved for expansion]

2 SUBCHAPTER C. CREATION

3 Sec. 68.101. DISTRICT CREATION BY CERTAIN POPULOUS COUNTIES
4 WITH SHIP CHANNELS. A district may be created only by the
5 commissioners court of a county with a population of 3.3 million or
6 more that has a ship channel in the county.

7 Sec. 68.102. PETITION FOR CREATION. A district may be
8 created only if the commissioners court of the county in which the
9 district is proposed to be created receives a petition requesting
10 the district's creation. The petition must be signed by:

11 (1) the owners of a majority of facilities in the
12 proposed district; and

13 (2) the owners of a majority of the assessed value of
14 facilities in the proposed district according to the most recent
15 certified property tax rolls of the county.

16 Sec. 68.103. CONTENTS OF PETITION; DISTRICT TERRITORY. The
17 petition must:

18 (1) propose a name for the district, which must:

19 (A) generally describe the location of the
20 district; and

21 (B) be of the form "_____ Ship Channel Security
22 District";

23 (2) state the general nature of the security projects
24 and security services to be provided by the district; and

25 (3) describe the proposed district territory and the
26 boundaries of not fewer than four security zones inside the
27 proposed district.

1 Sec. 68.104. NOTICE OF HEARING; CONTENTS OF NOTICE. (a)

2 The commissioners court of the county in which a district is
3 proposed to be created shall set a date, time, and place for a
4 hearing to consider the petition received by the commissioners
5 court.

6 (b) The commissioners court shall issue public notice of the
7 hearing. The notice must state:

8 (1) the date, time, and place of the hearing; and

9 (2) that any person may appear, present evidence, and
10 testify for or against the creation of the proposed district.

11 (c) The commissioners court shall publish the notice in a
12 newspaper of general circulation in the county at least one time at
13 least 30 days before the hearing date.

14 Sec. 68.105. HEARING. At the hearing, any interested
15 person may appear in person or by attorney, present evidence, and
16 offer testimony for or against the creation of the proposed
17 district.

18 Sec. 68.106. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. After
19 the hearing, the commissioners court shall consider whether to
20 create the proposed district. The commissioners court must make
21 the following findings before approving a petition requesting
22 creation of a district:

23 (1) the district will serve a public use and benefit;

24 (2) facilities in the district will benefit from the
25 security projects and security services proposed to be provided by
26 the district;

27 (3) the creation of the district is in the public

1 interest and useful for the protection of facilities in the
2 district against the threat posed by terrorism; and

3 (4) the creation of the district is necessary to
4 accomplish the purposes of Sections 52 and 52-a, Article III, and
5 Section 59, Article XVI, Texas Constitution, and other public
6 purposes stated in this chapter.

7 Sec. 68.107. ORDER CREATING DISTRICT; CHANGES. (a) If the
8 commissioners court makes the findings under Section 68.106, the
9 commissioners court by order shall create the proposed district.

10 (b) The commissioners court may include in the order any
11 changes or modifications to the proposed district as the court
12 determines are appropriate to reflect the intent of the petition
13 requesting creation of the district.

14 [Sections 68.108-68.150 reserved for expansion]

15 SUBCHAPTER D. BOARD OF DIRECTORS

16 Sec. 68.151. GOVERNING BODY; COMPOSITION. A district is
17 governed by a board of at least 10 directors, appointed or serving
18 as follows:

19 (1) two directors for each security zone appointed by
20 the commissioners court of the county and nominated as provided by
21 Section 68.152;

22 (2) one director appointed for the district at large
23 by the commissioners court of the county;

24 (3) one director appointed under Section 68.153; and

25 (4) any director serving under Section 68.154.

26 Sec. 68.152. SECURITY ZONE DIRECTORS. (a) The
27 commissioners court of the county shall appoint two directors for

1 each security zone from a list of two persons nominated by a
2 majority vote of the facility owners in each security zone. Each
3 nominated person must be employed by a facility in the zone.

4 (b) After reviewing the list, the commissioners court shall
5 approve or disapprove the nominations for each security zone.

6 (c) If the commissioners court is not satisfied with the
7 list provided for a security zone, the facility owners in the
8 security zone shall provide to the court a new list under Subsection
9 (a).

10 Sec. 68.153. MUNICIPAL DIRECTOR. (a) If there is a
11 countywide association of mayors and city councils of
12 municipalities in a county that creates a district, the association
13 shall appoint one director.

14 (b) If there is not an association described by Subsection
15 (a), the municipalities in the district shall appoint a director.
16 If there is more than one municipality in the district, the
17 governing body of each municipality by resolution may vote in favor
18 of a nominated person and a person who receives the votes of a
19 majority of governing bodies is appointed director.

20 (c) The director appointed under this section must reside in
21 a municipality adjacent to the largest ship channel in the
22 district.

23 Sec. 68.154. PORT AUTHORITY; EX OFFICIO DIRECTOR. (a) In
24 this section, "port authority" means a navigation district located
25 wholly or partly in the security district, and created or operating
26 under Section 52, Article III, or Section 59, Article XVI, Texas
27 Constitution.

1 (b) If a port authority is located in the district, the
2 executive director, or a person designated by the executive
3 director, serves as a director. If more than one port authority is
4 located in the district, the executive director, or a person
5 designated by the executive director, of the port authority with
6 the largest territory inside the district serves as a director.

7 Sec. 68.155. TERMS; INITIAL DIRECTORS. (a) Except as
8 provided by Subsection (b), directors serve staggered two-year
9 terms.

10 (b) The initial directors shall stagger their terms, with a
11 majority of the directors serving two years, and a minority of
12 directors serving one year. If the initial board has an even number
13 of directors, the terms are staggered equally. If the initial
14 directors cannot agree on the staggering, the directors shall draw
15 lots to determine the directors who serve one-year terms.

16 Sec. 68.156. VACANCY. A vacancy in the board is filled by
17 the remaining directors by appointing a person who meets the
18 qualifications for the position, who shall serve for the unexpired
19 term.

20 Sec. 68.157. QUORUM. For purposes of determining whether a
21 quorum of the board is present, a vacant board position is not
22 counted.

23 Sec. 68.158. OFFICERS. The board shall elect from its
24 directors a presiding officer, a secretary, and any other officers
25 the board considers necessary or appropriate.

26 Sec. 68.159. COMPENSATION. A director is not entitled to
27 compensation for service on the board, but is entitled to

1 reimbursement for necessary and reasonable expenses incurred in
2 carrying out the duties of a director.

3 Sec. 68.160. MEETINGS. (a) The board shall determine the
4 frequency of its meetings and may hold meetings at any time the
5 board determines.

6 (b) The board shall conduct its meetings in the district.

7 Sec. 68.161. REMOVAL. The board may remove an appointed
8 director for misconduct or failure to carry out the director's
9 duties on receiving a written petition signed by a majority of the
10 remaining directors.

11 [Sections 68.162-68.200 reserved for expansion]

12 SUBCHAPTER E. POWERS AND DUTIES

13 Sec. 68.201. GENERAL POWERS OF DISTRICT. (a) A district
14 has all powers necessary or required to accomplish the purposes for
15 which it was created.

16 (b) A district may do anything necessary, convenient, or
17 desirable to carry out the powers expressly granted or implied by
18 this chapter.

19 Sec. 68.202. APPLICABILITY OF MUNICIPAL MANAGEMENT
20 DISTRICTS LAW. Except as provided by this chapter, a district has
21 the powers of a district created under Chapter 375, Local
22 Government Code.

23 Sec. 68.203. RULES. The district may adopt rules to govern
24 the operation of the district.

25 Sec. 68.204. NAME CHANGE. A board by resolution may change
26 a district's name.

27 Sec. 68.205. CONTRACTS; GENERALLY. A district may contract

1 with any person for any district purpose.

2 Sec. 68.206. SECURITY PROJECTS AND SERVICES. (a) The board
3 shall determine what security projects or security services the
4 district will perform. A security project may include a project
5 eligible for funding under a port security grant program of the
6 United States Department of Homeland Security.

7 (b) A district may own, operate, and maintain a security
8 project or provide a security service as reasonably necessary to
9 carry out a district power under this chapter.

10 (c) A district may acquire, construct, complete, develop,
11 own, operate, maintain, and lease a security project or part of a
12 security project or provide a security service inside and outside
13 its boundaries.

14 Sec. 68.207. CONTRACTS FOR SECURITY PROJECTS OR SERVICES.

15 (a) A district may contract with any person to plan, establish,
16 develop, construct, renovate, maintain, repair, replace, or
17 operate a security project or to provide a security service.

18 (b) A district may lease to any person a security project or
19 any part of a security project.

20 (c) A district may contract with any person for the use or
21 operation of a security project or any part of a security project.

22 Sec. 68.208. CONTRACTS FOR JOINT USE OF SECURITY PROJECT. A
23 district may contract with any person, public or private, for the
24 joint use of a security project.

25 Sec. 68.209. CONTRACTS WITH DISTRICT BY GOVERNMENTAL
26 ENTITY. This state, a municipality, a county, another political
27 subdivision of this state, or any other person, without further

1 authorization, may contract with the district to accomplish any
2 district purpose.

3 Sec. 68.210. PROPERTY POWERS; GENERALLY. A district may
4 acquire by grant, purchase, gift, devise, lease, or otherwise, and
5 may hold, use, sell, lease, or dispose of any property, and
6 licenses, patents, rights, and interests necessary, convenient, or
7 useful for the full exercise of any of its powers under this
8 chapter.

9 Sec. 68.211. SUITS. A district may sue and be sued.

10 Sec. 68.212. EXEMPTION FROM COMPETITIVE BIDDING LAWS. The
11 competitive bidding laws of this state do not apply to a district.

12 Sec. 68.213. NO EMINENT DOMAIN POWER. A district may not
13 exercise the power of eminent domain.

14 [Sections 68.214-68.250 reserved for expansion]

15 SUBCHAPTER F. GENERAL FINANCIAL PROVISIONS

16 Sec. 68.251. GRANTS; LOANS. A district may apply for and
17 accept a grant or loan from any person, including:

18 (1) the United States;

19 (2) this state; and

20 (3) a political subdivision of this state.

21 Sec. 68.252. PAYMENT OF EXPENSES. A district may provide
22 for payment of all expenses incurred in its establishment,
23 administration, and operation.

24 Sec. 68.253. TAXES PROHIBITED. A district may not impose
25 any tax, including a property tax or a sales and use tax.

26 Sec. 68.254. BONDS PROHIBITED. A district may not issue
27 bonds.

1 [Sections 68.255-68.300 reserved for expansion]

2 SUBCHAPTER G. ASSESSMENTS

3 Sec. 68.301. AUTHORITY TO IMPOSE ASSESSMENT. The board may
4 impose an assessment against facilities for any district purpose.

5 Sec. 68.302. PROPOSED ASSESSMENTS. A security project or
6 security service may be financed under this chapter after a hearing
7 notice given as required by this subchapter and a public hearing by
8 the board on the advisability of:

9 (1) the security project or security service; and

10 (2) the proposed assessments.

11 Sec. 68.303. NOTICE OF HEARING. (a) Not later than the
12 30th day before the date of the hearing, the district shall provide
13 notice of the hearing by certified mail, return receipt requested,
14 to each facility owner at the current address of each facility
15 according to the appraisal record maintained by the appraisal
16 district for that facility under Section 25.02, Tax Code.

17 (b) The notice must include:

18 (1) the time and place of the hearing;

19 (2) the general nature of the proposed security
20 project or security service;

21 (3) the estimated cost of the security project or
22 security service; and

23 (4) the proposed method of assessment.

24 Sec. 68.304. CONDUCTING HEARING; FINDINGS. (a) A hearing
25 on a proposed security project or security service, whether
26 conducted by the board or a hearing examiner, may be adjourned from
27 time to time.

1 (b) At the conclusion of the hearing, the board by
2 resolution shall make findings relating to:

3 (1) the advisability of the security project or
4 security service;

5 (2) the nature of the security project or security
6 service;

7 (3) the estimated cost;

8 (4) the facilities benefited;

9 (5) the method of assessment; and

10 (6) the method and time for payment of the assessment.

11 (c) If a hearing examiner is appointed to conduct the
12 hearing, after conclusion of the hearing, the hearing examiner
13 shall file with the board a report stating the examiner's findings
14 and conclusions for the board's consideration.

15 Sec. 68.305. FACILITIES TO BE ASSESSED. (a) In accordance
16 with the findings, the board may impose an assessment against all
17 the facilities in the district or any portion of the facilities in
18 the district, and may impose an assessment against fewer facilities
19 than those proposed for assessment in the hearing notice.

20 (b) Except as provided by Subsection (c), the facilities to
21 be assessed may not include a facility that is not in the district
22 at the time of the hearing unless there is an additional hearing
23 preceded by the required notice.

24 (c) The owner of a facility described by Subsection (b) may
25 waive the right to notice and an assessment hearing and may agree to
26 the imposition and payment of assessments at an agreed rate for the
27 facility.

1 Sec. 68.306. ASSESSMENT RATE CHANGE. After notice and a
2 hearing, the board by majority vote may increase or decrease the
3 rate of assessment. The board must provide notice of the hearing in
4 the manner provided by Section 68.303.

5 Sec. 68.307. OBJECTIONS; LEVY OF ASSESSMENT. (a) At a
6 hearing on proposed assessments, at any adjournment of the hearing,
7 or after consideration of the hearing examiner's report, the board
8 shall hear and rule on all objections to each proposed assessment.

9 (b) The board by majority vote may amend proposed
10 assessments for any facility.

11 (c) After all objections have been heard and action has been
12 taken with regard to those objections, the board by resolution
13 shall impose the assessments on the facilities and shall specify
14 the method of payment of the assessments and may provide that those
15 assessments be paid in periodic installments.

16 (d) Periodic installments must be in amounts sufficient to
17 meet annual costs for security projects or security services
18 provided by this chapter and continue for the number of years
19 required to pay for the security projects and security services to
20 be rendered.

21 (e) If assessments are imposed for more than one security
22 project or security service, the board may provide that assessments
23 collected for one security project or security service may be used
24 for another security project or security service.

25 (f) The board shall establish a procedure for the use or
26 refund of any assessments in excess of those necessary to finance a
27 security project or security service for which those assessments

1 were collected.

2 Sec. 68.308. APPORTIONMENT OF ASSESSMENT. The board shall
3 apportion the cost of a security project or security service to be
4 assessed against a facility based on any reasonable assessment plan
5 that results in imposing fair and equitable shares of the cost.

6 Sec. 68.309. ASSESSMENT ROLL. (a) Once the estimated total
7 cost of a security project or security service is determined, the
8 board shall impose the assessments against each facility against
9 which an assessment may be imposed in the district. The board may
10 impose an annual assessment that is lower but not higher than the
11 initial assessment.

12 (b) The board shall have an assessment roll prepared showing
13 the assessments against each facility and the board's basis for the
14 assessment. The assessment roll shall be filed with the secretary
15 of the board or other officer who performs the function of secretary
16 and be open for public inspection.

17 Sec. 68.310. SUPPLEMENTAL ASSESSMENTS. After notice and
18 hearing in the manner required for original assessments, the board
19 may make supplemental assessments to correct omissions or mistakes
20 in the assessment:

21 (1) relating to the total cost of the security project
22 or security service; or

23 (2) covering delinquencies or costs of collection.

24 Sec. 68.311. APPEAL. (a) Not later than the 30th day after
25 the date that an assessment is adopted, a facility owner may file a
26 notice appealing the assessment to the board.

27 (b) The board shall set a date to hear the appeal.

1 (c) Failure to file the notice in the time required by this
2 section results in loss of the right to appeal the assessment.

3 (d) The board may make a reassessment or new assessment of
4 the facility if the assessment against the facility is:

5 (1) set aside by a court;

6 (2) found excessive by the board; or

7 (3) determined invalid by the board.

8 (e) A reassessment or new assessment under Subsection
9 (d)(1) may not violate the court order that set aside the
10 assessment.

11 Sec. 68.312. APPEAL OF RESOLUTION. (a) A facility against
12 which an assessment is made by board resolution may appeal the
13 assessment to a district court in the county in the manner provided
14 for the appeal of contested cases under Chapter 2001, Government
15 Code.

16 (b) Review by the district court is by trial de novo.

17 Sec. 68.313. FAILURE TO PAY ASSESSMENT; LIENS FOR
18 ASSESSMENTS. (a) If an assessed facility fails to pay an
19 assessment as provided in a district's assessment plan, the
20 district may impose a lien against the facility assessed.

21 (b) An assessment, a reassessment, or an assessment
22 resulting from an addition to or correction of the assessment roll
23 by the district, penalties and interest on an assessment or
24 reassessment, an expense of collection, and reasonable attorney's
25 fees incurred by the district:

26 (1) are a first and prior lien against the property
27 assessed;

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

4 (3) are the personal liability of and a charge against
5 the owners of the property even if the owners are not named in the
6 assessment proceedings.

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

11 Sec. 68.314. DELINQUENT ASSESSMENTS. A delinquent
12 assessment incurs interest, penalties, and attorney's fees in the
13 same manner as a delinquent ad valorem tax. The owner of a facility
14 may pay at any time the entire assessment, with interest,
15 penalties, and attorney's fees that have accrued on the assessment.

16 Sec. 68.315. ASSESSMENT OF GOVERNMENTAL ENTITIES AND
17 NONPROFITS. (a) Except as provided by this section, the district
18 may not impose an assessment on:

19 (1) a governmental entity, including a municipality,
20 county, or other political subdivision; or

21 (2) an organization exempt from taxation under Section
22 501(a), Internal Revenue Code of 1986, as an organization described
23 by Section 501(c)(3) of that code.

24 (b) An entity or organization described by Subsection (a)
25 may contract with a district to pay assessments under terms the
26 district and the entity or organization consider advisable.

27 [Sections 68.316-68.350 reserved for expansion]

1 SUBCHAPTER H. DISSOLUTION

2 Sec. 68.351. DISSOLUTION OF DISTRICT FOR FAILURE TO IMPOSE
3 AN ASSESSMENT. A district is dissolved if the district has not
4 imposed an assessment before the fifth anniversary of the date of
5 the order creating the district under Section 68.107. The county
6 that created the district assumes any district debts or assets.

7 Sec. 68.352. DISSOLUTION OF DISTRICT BY BOARD VOTE OR OWNER
8 PETITION. (a) The board by majority vote may dissolve the district
9 at any time.

10 (b) A district may be dissolved as provided by Section
11 375.262, Local Government Code.

12 (c) The county that created the district assumes any debts
13 or assets of a dissolved district.

14 SECTION 2. This Act takes effect immediately if it receives
15 a vote of two-thirds of all the members elected to each house, as
16 provided by Section 39, Article III, Texas Constitution. If this
17 Act does not receive the vote necessary for immediate effect, this
18 Act takes effect September 1, 2007.