

By: Elkins

H.B. No. 3223

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to public improvement districts designated by a county or  
3 municipality.

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

5 SECTION 1. Subchapter A, Chapter 372, Local Government  
6 Code, is amended by adding Section 372.0035 to read as follows:

7 Sec. 372.0035. LIMIT ON ACCESS TO OR USE OF PROJECT. The  
8 governing body of a municipality or county that undertakes an  
9 improvement project under Section 372.003 may limit access to, or  
10 the use of, the project to that part of the municipality, county, or  
11 municipality's extraterritorial jurisdiction that benefits from  
12 the project.

13 SECTION 2. Section 372.007(a), Local Government Code, is  
14 amended to read as follows:

15 (a) Before holding the hearing required by Section 372.009,  
16 the governing body of the municipality may use the services of  
17 municipal employees, the governing body of the county may use the  
18 services of county employees, or the governing body of the  
19 municipality or county may employ consultants to prepare a report  
20 to determine whether an improvement or combination of improvements  
21 should be made as proposed by petition [~~or otherwise or whether the~~  
22 ~~improvement should be made in combination with other improvements~~  
23 ~~authorized under this subchapter~~]. The governing body may also  
24 require that a preliminary estimate of the cost of the improvement

1 or combination of improvements be made.

2 SECTION 3. Sections 372.010(a) and (c), Local Government  
3 Code, are amended to read as follows:

4 (a) During the six-month period after the date of the final  
5 adjournment of the hearing under Section 372.009, the governing  
6 body of the municipality or county may authorize an improvement  
7 district if, by majority vote of all members of the governing body,  
8 the members adopt a resolution authorizing the district in  
9 accordance with its finding as to the advisability of any [the]  
10 improvement or combination of improvements.

11 (c) Actual construction of a new [an] improvement may not  
12 begin, or acquisition of an existing improvement may not occur,  
13 until after the 20th day after the date the authorization takes  
14 effect and may not begin or occur if during that 20-day period  
15 written protests signed by at least two-thirds of the owners of  
16 record of property within the improvement district or by the owners  
17 of record of property comprising at least two-thirds of the total  
18 area of the district are filed with the municipal or county  
19 secretary or other officer performing the duties of the municipal  
20 or county secretary. A person whose name appears on a protest may  
21 withdraw the name from the protest at any time before the governing  
22 body of the municipality or county convenes to determine the  
23 sufficiency of the protest.

24 SECTION 4. Section 372.012, Local Government Code, is  
25 amended to read as follows:

26 Sec. 372.012. AREA OF DISTRICT; ADDING OR EXCLUDING AREA.

27 (a) The area of a public improvement district to be assessed

1 according to the findings of the governing body of the municipality  
2 or county may be less than the area described in the proposed  
3 boundaries stated by the notice under Section 372.009. The area to  
4 be assessed may not include property not described by the notice as  
5 being within the proposed boundaries of the district unless a  
6 hearing is held to include the property and notice for the hearing  
7 is given in the same manner as notice under Section 372.009.

8 (b) Unless the public improvement district has issued  
9 general obligation or revenue bonds that are secured by assessments  
10 or an obligation exists in the district to pay in installments the  
11 cost of improvements, the owners of an area may file a petition to  
12 add or exclude an area. The petition must satisfy the requirements  
13 of Section 372.005. Before the area may be added or excluded, the  
14 governing body of the municipality or county must hold a hearing in  
15 the same manner as a hearing under Section 372.009. If the  
16 governing body finds that the addition or exclusion is advisable,  
17 the area is added or excluded.

18 SECTION 5. Section 372.013(b), Local Government Code, is  
19 amended to read as follows:

20 (b) The plan must cover a period of at least five years and  
21 must also define the annual indebtedness and the projected costs  
22 for the improvement or combination of improvements found advisable  
23 in a resolution authorizing the district under Section 372.006.  
24 The plan shall be reviewed and updated annually for the purpose of  
25 determining the annual budget for improvements.

26 SECTION 6. Section 372.016(a), Local Government Code, is  
27 amended to read as follows:

1 (a) After the total cost of an improvement or combination of  
2 improvements is determined, the governing body of the municipality  
3 or county shall prepare a proposed assessment roll. The roll must  
4 state the assessment against each parcel of land in the district, as  
5 determined by the method of assessment chosen by the municipality  
6 or county under this subchapter.

7 SECTION 7. Section 372.017(b), Local Government Code, is  
8 amended to read as follows:

9 (b) After all objections have been heard and the governing  
10 body has passed on the objections, the governing body by ordinance  
11 or order shall levy the assessment as a special assessment on the  
12 property. The governing body by ordinance or order shall specify  
13 the method of payment of the assessment. The governing body may  
14 provide that assessments be paid in periodic installments, at an  
15 interest rate and for a period approved by the governing body. The  
16 installments must be in amounts necessary to meet annual costs for  
17 improvements and must continue for:

18 (1) the [~~a~~] period necessary to retire the  
19 indebtedness on the improvements; or

20 (2) the period approved by the governing body for the  
21 payment of the installments.

22 SECTION 8. Section 372.018, Local Government Code, is  
23 amended by amending Subsection (a) and adding Subsection (a-1) to  
24 read as follows:

25 (a) An assessment bears interest at the rate specified by  
26 the governing body of the municipality or county. If general  
27 obligation or revenue bonds are issued to finance the improvement

1 for which the assessment is assessed, the interest rate for that  
2 assessment [~~7, but~~] may not exceed a rate that is one-half of one  
3 percent higher than the actual interest rate paid on the [~~public~~]  
4 debt [~~used to finance the improvement~~]. If an assessment is for an  
5 improvement acquired under a contract that provides for the  
6 improvement to be purchased through installment payments, the  
7 governing body shall limit the interest rate for the assessment so  
8 that it does not exceed one-half of one percent of the highest  
9 average interest rate reported by a newspaper in a weekly bond index  
10 in the month before the date of the contract. The newspaper must  
11 specialize in bonds and be acceptable to the governing body as a  
12 reliable source for bond interest rates.

13 (a-1) Interest on the assessment between the effective date  
14 of the ordinance or order levying the assessment and the date the  
15 first installment is payable shall be added to the first  
16 installment. The interest on any delinquent installment shall be  
17 added to each subsequent installment until all delinquent  
18 installments are paid.

19 SECTION 9. Section 372.023, Local Government Code, is  
20 amended by amending Subsections (d), (e), and (f) and adding  
21 Subsection (d-1) to read as follows:

22 (d) A cost payable from a special assessment that is to be  
23 paid in installments and a cost payable by the municipality or  
24 county as a whole but not payable from available general funds or  
25 other available general improvement funds shall be paid:

26 (1) under an installment sale contract with the person  
27 who constructs the improvement for which the costs apply; or

1           (2) by the issuance and sale of revenue or general  
2 obligation bonds.

3           (d-1) The interest rate on the unpaid purchase price in an  
4 installment sale contract under Subsection (d) may not exceed  
5 one-half of one percent of the highest average interest rate  
6 reported by a newspaper in a weekly bond index in the month before  
7 the date of the contract. The newspaper must specialize in bonds and  
8 be acceptable as a reliable source for bond interest rates to the  
9 governing body of the municipality or county that enters into the  
10 contract.

11           (e) While an improvement is in progress, the governing body  
12 of the municipality or county, to pay the costs of the improvement,  
13 may issue temporary notes, [or] time warrants, general obligation  
14 bonds, or revenue bonds [~~to pay for the costs of the improvement~~  
15 ~~and, on completion of the improvement, issue revenue or general~~  
16 ~~obligation bonds~~].

17           (f) The cost of more than one improvement may be paid:

18           (1) from a single issue and sale of bonds without other  
19 consolidation proceedings before the bond issue; or

20           (2) under an agreement with a person who sells the  
21 improvement to the municipality.

22           SECTION 10. This Act takes effect immediately if it  
23 receives a vote of two-thirds of all the members elected to each  
24 house, as provided by Section 39, Article III, Texas Constitution.  
25 If this Act does not receive the vote necessary for immediate  
26 effect, this Act takes effect September 1, 2007.