

## **BILL ANALYSIS**

C.S.H.B. 4720  
By: Anchia  
Natural Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

All taxable property to be included in the proposed Trinity River West Municipal Management District is wholly owned by parties who have consented to the inclusion of their property in the district. Dallas has consented to the creation of the district by resolution adopted by the city council on February 11, 2009. The district includes 55 acres situated within a larger area that is west of the Dallas Central Business District, bounded on the north slightly above Continental Avenue/Singleton Blvd., on the east by the western bank of the Trinity River Floodway, on the south by West Commerce Street, and on the west generally by Sylvan Avenue. The district intends to facilitate the development of property within the district into a mixed-use development project of commercial and multi-family residential property and work in overlay fashion with a yet-to-be-created tax increment reinvestment zone to finance public infrastructure and other project costs. Currently, there is no means by which a developer can issue tax exempt bonds to finance the development costs. A lower bond cost would expedite the project and provide the district with a financing mechanism for the issuance of bonds to fund or refund costs for public infrastructure necessary to render the land developable. Creation of the district will facilitate the development and redevelopment of property within its boundaries that are wholly within the corporate limits of Dallas and within Dallas County. The district is created to construct, finance, and operate public infrastructure and improvements within and outside the district and promote the economic development of Texas, Dallas County, the City of Dallas, and neighboring communities.

C.S.H.B. 4720 creates the Trinity River West Municipal Management District and provides for the district's administration, powers, duties, operation and financing, and the appointment of the district's board of directors. The bill authorizes the district to impose property taxes and to levy assessments on property within its boundaries, to impose and collect other revenues for its public purposes, and to issue voter-approved bonds and other obligations that are secured by such property taxes to finance costs associated with public infrastructure, including water, sanitary sewer, drainage, roadway, public green space, lighting, sidewalks, landscaping, and streetscaping improvements.

### **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**

C.S.H.B. 4720 amends the Special District Local Laws Code to set forth standard language for the creation of the Trinity River West Municipal Management District. The bill sets forth general provisions for the creation and nature of the district, the district's public purpose and benefit, district territory, and the district's eligibility for inclusion in special zones; the number of members, appointment, terms, meetings, and qualifications of the board of directors of the district including initial directors; provisions for vacancies, a director's oath or affirmation, election of officers, compensation, expenses, and liability insurance, and conflicts of interest for

directors; and the dissolution of the district by the municipality.

C.S.H.B. 4720 sets forth general provisions for the powers and duties of the district, including the power to provide or enter into contracts to provide certain improvement projects or activities in support of or incidental to those projects; contract with any public or private person, body, or entity to accomplish any district purpose; adopt and enforce rules to administer or operate the district; add or remove territory; and change the district's name. The bill authorizes the board to create economic development and other programs and impose and collect property taxes for those purposes subject to the approval of the governing body of the city by ordinance, order, or resolution. The bill prohibits the district use of eminent domain and authorizes the board to employ an executive director or general manager and other necessary employees and limits any employee compensation to not more than \$150,000 from public funds. The bill requires the board to provide district property owners written notice of the next fiscal year's district taxes and sets forth terms for the notice.

C.S.H.B. 4720 sets forth general financial provisions authorizing the district to impose a property tax on all taxable industrial and commercial property in the district, with voter approval; impose an assessment on property in the district; provide or secure the payment or repayment of any bond, note, or other temporary or permanent obligation or reimbursement or other contract, and certain associated costs; establish user charges related to the operation of storm-water facilities; establish user charges for the use of nonpotable water for irrigation purposes, subject to approval of the governing body of the city; undertake all or part of the cost of an improvement project; and enter into a tax abatement agreement. The bill authorizes the district to borrow money for a district purpose by issuing or executing bonds, notes, credit agreements, or other appropriate obligations, and requires the bond, note, credit agreement, or other obligation to be secured by and payable from property taxes, assessments, or any combination thereof or from other district revenue. The bill authorizes the board to impose an assessment on property in the district and establishes the limited purposes of the assessment. The bill establishes that the lien of an assessment against property runs with the land. The bill authorizes the board to make a correction to or deletion from the assessment roll that does not increase the amount of assessment of any parcel of land without providing notice and holding a hearing in the manner required for additional assessments and requires the district to file notice of any imposed tax or assessment with the county clerk of Dallas County and post the notice on the district website. The bill sets forth an exemption for residential property from taxes, assessments, fees, and any other requirement for payment.

C.S.H.B. 4720 authorizes the district to impose a tax for maintenance and operation purposes and establishes the purposes of the tax. The bill prohibits the district from imposing a maintenance and operation tax unless the tax is approved by a majority of the district voters voting at an election held for that purpose. The bill authorizes any surplus maintenance and operation tax money that is not needed for the purposes for which it was collected to be used for any authorized purpose. The bill establishes the authority of the district to issue bonds, notes, or other obligations payable from property taxes, assessments, or any other source. The bill prohibits a bond from maturing not more than 40 years from its date of issue. The bill requires the board, on bonds payable wholly or partly from property taxes, to provide for the annual imposition of a continuing direct property tax while all or part of the bonds are outstanding and the district to annually impose a property tax in an amount sufficient to pay the interest on the bonds and obligations and create a sinking fund for the payment of the principal.

C.S.H.B. 4720 requires the district and the city, once the board of directors is organized but before any projects or financial obligations are initiated, to negotiate and execute a mutually approved and accepted development and operating agreement, including any limitations regarding certain plans and rules. The bill prohibits an agreement from being effective until its terms and execution are approved by the board and the governing body of the city by resolution. The bill sets forth in detail the initial boundaries of the district. The bill defines the terms "board," "city," "district," and "improvement project."

**EFFECTIVE DATE**

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 4720 adds provisions not in the original authorizing the owner or owners of a majority of the appraised value of the real property in the district, or the majority of the record owners of real property in the district subject to taxation to submit a petition not later than September 1, 2009, to the governing body of the city requesting that the governing body appoint as initial directors the persons named in the petition to serve in Places 1-6 and requires the governing body to appoint those persons as initial directors if the persons named in the petition meet the qualifications prescribed for directors. The substitute adds a provision not in the original requiring the governing body of the city to appoint six qualified persons as initial directors to serve in Places 1-6 if a petition is not submitted.