

## **BILL ANALYSIS**

C.S.H.B. 4722  
By: Cohen  
County Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Currently, the East Montrose area of Houston enjoys the use and operation of Harris County Improvement District No. 6. Creating an additional district in the West Montrose area would help to preserve the artistic and cultural character of the area, improve safety and security in the community, beautify the community in order to increase property values, provide investment opportunities, and enhance the quality of life for residents, business owners, and customers.

C.S.H.B. 4722 provides for the creation of Harris County Improvement District No. 11 in the West Montrose area. The bill also allows the consolidation of the district with one or more other municipal management districts that are adjoining or have a boundary within a two-mile radius of any boundary of the district.

### **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. 4722 amends the Special District Local Laws Code to set forth standard language for the creation of the Harris County Improvement District No. 11. The bill sets forth general provisions for the district, including tort liability as a governmental unit, the district's public purpose and benefit, the initial district territory, and the dissolution of the district; the number of members, composition, and terms of the board of directors of the district, and compensation of voting members.

C.S.H.B. 4722 sets forth the powers and duties of the district. The bill authorizes the board of directors by resolution to authorize the creation of a nonprofit corporation to assist and act for the district in implementing a project or providing a service. The bill sets forth general provisions for district agreements and grants, district elections, contracts with law enforcement and security, the annexation or exclusion of territory by the district, required approvals from the City of Houston's governing body, membership in charitable organizations, road powers, air rights, related easements and construction, additional property rights relating to leasehold interest, and a prohibition on eminent domain.

C.S.H.B. 4722 authorizes the district to acquire, lease as lessor or lessee, construct, develop, own, operate, and maintain a public transit system and parking facilities to serve the area within its boundaries, and provides conditions for each. The bill authorizes the district to adopt rules covering its transit system or parking facilities, except that a rule relating to or affecting the use of public right-of-way or a requirement for off-street parking is subject to all applicable municipal charter, code, or ordinance requirements. The bill authorizes the district to use any of its resources to pay the cost of acquiring and operating a transit system or parking facility and to set and impose fees, charges, or tolls for their use and issue bonds or notes to finance the costs of these facilities. The bill specifies that a petition of property owners or a public hearing is not

required if the district pays for or finances the cost of acquiring or operating a transit system or parking facility with resources other than assessments. The bill provides for payment by the district in lieu of taxes to a taxing unit if the district's acquisition of property for a parking facility that is leased to or operated by a private entity results in the removal of a taxable real property. The bill authorizes the district and a rapid transit authority to jointly construct, own, operate, and maintain a transit facility or parking facility.

C.S.H.B. 4722 sets forth general financial provisions including the authority to impose assessments, property taxes, including a maintenance tax, and impact fees. The bill requires the board by resolution to establish the number of directors' signatures and the procedure required for a disbursement or transfer of the district's money. The bill authorizes an assessment to be imposed on only a part of the district if that part will benefit from the service or improvement. The bill prohibits the board from imposing an assessment or financing a service or improvement project unless a written petition requesting the improvement or service has been filed with the board and provides general procedures for the petition. The bill specifies that an assessment for the purposes of a title insurance policy is a tax. The bill prohibits the district from imposing an impact fee or assessment on the property, including the equipment, rights-of-way, facilities, or improvements of electric or gas utilities, a telecommunications provider, or a person who provides public cable television or advanced telecommunications services. The bill authorizes the district to impose an assessment to pay certain costs associated with electrical or optical lines.

C.S.H.B. 4722 authorizes the district to issue bonds, notes, or other obligations payable wholly or partly from assessments or other money of the district, prohibits bonds issued to finance parks and recreational facilities from exceeding one percent of the assessed value of the real property in the district, and requires the district to hold an election to obtain voter approval before imposing a maintenance tax or issuing bonds payable from property tax. The bill establishes that a municipality is not required to pay a bond, note, or other obligation of the district, and makes provisions related to competitive bidding applicable only for a contract that has a value greater than \$50,000.

C.S.H.B. 4722 sets forth general provisions for the district to consolidate with one or more other municipal management districts that are adjoining or have a boundary within a two-mile radius of the district, including the terms and conditions for consolidation, the notice and hearing requirements, governance requirements, debt protection, and assessment and collection of taxes for a consolidated district. The bill requires the board to file a consolidation order with the executive director of the Texas Commission on Environmental Quality and to keep that order in the records of the district, recorded in the office of the county clerk in each of the counties of the consolidated district.

C.S.H.B. 4722 authorizes the district to reimburse the cost of creating the district from assessments or other revenue created by the district or consolidated district.

C.S.H.B. 4722 sets forth in detail the initial boundaries of the district. The bill defines the terms "authority," "board," and "district."

#### **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. 4722 differs from the original by providing the names of the initial board members of the Harris County Improvement District No. 11.

C.S.H.B. 4722 grants powers given to a Type B corporation to the district, whereas the original grants powers given to a corporation under the Development Corporation Act of 1979 to the district.

C.S.H.B. 4722 adds a provision not in the original to authorize the district to acquire easements related to air rights.

C.S.H.B. 4722 makes several nonsubstantive language changes in the description of the boundaries of the district.