

BILL ANALYSIS

H.B. 4726
By: Jackson, Jim
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The proposed legislation will create a municipal management district to be known as the Cypress Waters Municipal Management District over approximately 935 acres of land in North Dallas. The district will include one tract of land containing a net area of approximately 730 acres, a second tract of approximately 199 acres, and a third tract of approximately 6 acres, all of which is in the vicinity of the intersection of Hackberry Road and Belt Line Road and adjacent to North Lake in northwest Dallas. The proposed district will be created as a special district under and pursuant to the provisions of the Texas Constitution, and pursuant to the power of the legislature to create special government agencies and districts for the purposes of constructing, financing, and operating public infrastructure and improvements within and outside the district and promoting the economic development of the State of Texas, Dallas County, the City of Dallas, and neighboring communities.

The purpose of the district is to facilitate the development of the property within the district into a mixed-use development project of commercial and residential property, including multi- and single-family development components. The district will be used in overlay with a tax increment reinvestment zone to assist with and serve as the financing mechanism to finance costs associated with public infrastructure including water, sanitary sewer, drainage, roadway, public green space, and lighting improvements. All taxable property to be included in the district is wholly owned by parties who have consented to the inclusion of their property in the district. The City of Dallas has consented to the creation of the district by resolution adopted by the city council on February 11, 2009.

H.B. 4726 creates the Cypress Waters Municipal Management District in Dallas County.

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

H.B. 4726 amends the Special District Local Laws Code to set forth standard language for the creation of the Cypress Waters Municipal Management District in Dallas County. The bill sets forth general provisions for the creation and nature of the district, the findings of the district's purpose and benefit, the initial district territory, and the district's eligibility for inclusion in special zones. The bill sets forth general provisions for the district's board of directors, including the number, composition, terms, appointment, qualifications, and compensations of directors; the election of officers; and filling a vacancy and filing an affirmation or oath of a director. The bill sets forth provisions relating to conflicts of interest of a director of the board.

H.B. 4726 sets forth general provisions for the powers and duties of the district, including provisions authorizing the district to provide, or enter into a contract to provide, certain improvement projects; contract with any person to accomplish any district purpose; adopt rules

to administer and operate the district and enforce its rules by injunctive relief; and create economic development and other programs. The bill authorizes the board by resolution to change the district's name. The bill authorizes the board to add or remove territory subject to certain restrictions, employ and establish the terms of employment and compensation of an executive director or general manager and any other district employees the district considers necessary, and limits annual compensation to \$150,000 from public funds of the district. The bill requires the board annually to provide real property owners in the district written notice specifying the tax of the district for the next fiscal year and sets forth terms for the notification. The bill prohibits the district from exercising the power of eminent domain.

H.B. 4726 sets forth general financial provisions authorizing the district to impose a property tax on all taxable property in the district, 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, establish user charges related to the operation of storm-water facilities and for the use of nonpotable water for irrigation purposes, undertake all or part of the cost of any improvement project, and enter into a tax abatement agreement. The bill prohibits the district from imposing a property tax to pay for an improvement project unless the imposition is approved by district voters and sets forth terms for calling an election. The bill sets forth general provisions for the district to: borrow money; impose assessments; impose a maintenance and operation tax, subject to the approval of district voters; use surplus maintenance and operations tax money; and issue bonds and other obligations. The bill specifies that bonds may mature not more than 40 years from their date of issue. The bill requires the board, at the time bonds or other obligations payable wholly or partly from property taxes are issued, to impose a continuing direct annual property tax for each year than all or part of the bonds are outstanding, and to annually impose a property tax on all taxable property in the district in an amount to pay the interest on the bonds or obligations and create a sinking fund for the payment of the principal or obligations.

H.B. 4726 requires the district and the City of Dallas, after the district's board is organized, but before the district undertakes any improvement project or exercises its financial powers and duties, to negotiate and execute a mutually approved and accepted development and operating agreement. The bill provides general provisions for the dissolution of the district. The bill sets forth in detail the initial boundaries of the district and 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.