

## **BILL ANALYSIS**

C.S.H.B. 4752  
By: Parker  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Prosper Management District No. 1 will encompass an area of land within the corporate limits of the Town of Prosper, Denton County, Texas. The land to be located within the district will be developed into commercial development; therefore, the district is needed to promote commercial growth. Specifically, the district will be used to provide needed funding to preserve, maintain, and enhance the community, including traffic improvements, pedestrian facilities, and landscaping. It is necessary to create the district under Chapter 375, Local Government Code, and Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, in order to purchase, acquire, construct or maintain facilities to promote such commercial growth. It is also necessary to empower the district with authority to impose taxes and issue bonds.

C.S.H.B. 4752 sets forth provisions relating to the creation, administration, powers, duties, operation, and financing 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. 4752 amends the Special District Local Laws Code to create Prosper Management District No. 1. The bill sets forth provisions for the nature of the district, the district's public purpose and benefit, the initial district territory, the eligibility of an area of the district for inclusion in special zones, the composition and terms of the board of directors of the district, eligibility requirements for a director, requirements for filling a board vacancy, the director's oath and affirmation, the election of board officers, the appointment of initial directors, and the powers and duties of the district, including those provided by state law for municipal management districts and the authority to create economic development programs and exercise the economic development powers state law provides for a municipality. The bill authorizes the district to provide, or to enter into contracts with a governmental or private entity to provide, certain types of improvement projects located in the district or activities in support of or incidental to those projects. The bill requires the district and the Town of Prosper to negotiate and execute a mutually approved and accepted interlocal project development agreement before the district may issue bonds, impose taxes, or borrow money. The bill sets forth the district's general powers regarding contracts. The bill authorizes the district to adopt rules and to enforce its rules by injunctive relief. The bill authorizes the board by resolution to change the district's name and to add or remove territory, under certain conditions. The bill prohibits the district from exercising the power of eminent domain. The bill authorizes the board to employ and establish the terms of employment and compensation of an executive director or general manager and any other district employees the board considers necessary.

C.S.H.B. 4752 sets forth provisions authorizing the district to borrow money, impose an operation and maintenance tax, impose contract taxes, and issue bonds and other obligations.

The bill sets forth provisions for a district election regarding taxes or bonds. 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, without limit as to rate or amount, while all or part of the bonds are outstanding as required. The bill prohibits the district from issuing bonds until the governing body of the town approves a bond issuance plan authorizing and prescribing the limitations on the issuance of the bonds. The bill requires the bonds to mature not more than 40 years from their date of issuance. The bill prohibits the total principal amount of bonds or other obligations, issued or incurred to finance road projects and payable from property taxes, from exceeding one-fourth of the assessed value of the real property in the district at the time of issuance.

C.S.H.B. 4752 sets forth provisions for the dissolution of the district and the subsequent collection by the town of the district's assessments and other revenue and the assumption of the district's assets and liabilities. The bill sets forth the metes and bounds description of the initial boundaries of the district. The bill defines the terms "board," "director," "district," "improvement project," and "town."

### **EFFECTIVE DATE**

September 1, 2009.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 4752 adds definitions not in the original for the terms "improvement project" and "town." The substitute adds a provision to the original's findings of public purpose and benefit to establish that the bill's provisions and the creation of the district may not be interpreted to relieve the Town of Prosper, Collin County, or Denton County from providing the level of services provided as of the bill's effective date to the area in the district and that the district is created to supplement and not to supplant the town and county services provided in the district. The substitute differs from the original by including in the special zones in which an area of the district is eligible to be included a tax abatement reinvestment zone or an enterprise zone created by the town. The substitute authorizes the district to use money deposited by the board in the tax increment fund for purposes described by Local Government Code provisions relating to money granted to a development corporation, whereas the original authorizes the district to use the money for purposes permitted by the bill's provisions.

C.S.H.B. 4752 differs from the original by changing the composition of the board from three to five members. The substitute adds provisions not in the original requiring the governing body of the town to appoint one member to the board and requiring the board to recommend to the governing body of the town persons to serve in the other four positions. The substitute requires the board to recommend to the governing body of the town the appropriate number of successor directors before the terms of the appointed directors expire, whereas the original requires each board to recommend to the town persons to serve on the succeeding board.

C.S.H.B. 4752 specifies that, except for a director or an initial director appointed by a majority vote of the governing body of the town, to be eligible to serve as a director a person is required to own land in the district, whereas the original requires a person to meet the qualifications of a director of a municipal management district, as established in provisions of the Local Government Code, to serve as a district director. The substitute adds a provision not in the original to establish that provisions relating to the disqualification of a person from serving as a member of a board of certain districts applies to Prosper Management District No. 1.

C.S.H.B. 4752 adds provisions not in the original relating to filling a board vacancy, a director's oath and affirmation, and the election of officers. The substitute adds a provision not in the original requiring the governing body of the town to appoint one initial director not later than the 90th day after the bill's effective date. The substitute establishes that the petition submitted by

the owner or owners of a majority of the assessed value of the real property in the district to the governing body of the town requesting that the governing body appoint additional initial directors of the district names four persons in the petition, whereas the original establishes that the petition names three persons. The substitute adds a provision not in the original requiring the director appointed by the town to serve a four-year term. The substitute removes a provision in the original making a provision relating to certain residential property exempt from fees, assessments, or taxes imposed by the board inapplicable to the district. The substitute adds provisions not in the original relating to the district's waste and wastewater duties. The substitute adds provisions not in the original relating to the district's authority to provide, or enter into contracts with a governmental or private entity to provide, certain types of improvement projects; requirements relating to project development agreements; the district's general powers regarding contracts; the district's authority to adopt and enforce rules, create economic development programs, and borrow money; the board's authority to change the district's name, to add or remove territory, and to employ and establish the terms of employment and compensation of certain officers and employees. The substitute adds a provision not in the original prohibiting the district from exercising the power of eminent domain.

C.S.H.B. 4752 differs from the original by changing the process for determining the district's operation and maintenance tax rate and by adding provisions relating to the authorized uses for the tax. The substitute adds provisions not in the original relating to bonds payable from property taxes, a bond issuance plan, bond maturity, and the dissolution of the district. The substitute removes a provision in the original relating to the bearing system and document for the metes and bounds description of the initial boundaries of the district.