

BILL ANALYSIS

C.S.H.B. 4773
By: Eiland
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Continuing development and growth in Chambers County has created the need for well-planned and developed commercial and light industrial sites. Such sites require large-scale, permanent improvements, such as water supply and distribution facilities, wastewater collection and treatment facilities, drainage and flood control projects, and major thoroughfare improvements, as well as local economic development programs, improvements, and services. Current law provides for the creation of local governmental districts, which are authorized to incur indebtedness to provide such economic development programs and permanent improvements and to levy taxes or impose assessments for the maintenance and operation of such improvements and for the repayment of such indebtedness.

C.S.H.B. 4773 creates the Chambers County Improvement District No. 2 and grants the district municipal management district powers, municipal utility district powers, and limited road powers.

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. 4773 amends the Special District Local Laws Code to set forth standard language for the creation of the Chambers County Improvement District No. 2. The bill sets forth general provisions for the nature of the district, the confirmation and election of the board of directors, municipal consent to the creation of the district, the district's purpose and declaration of intent, the findings of benefit and public purpose, initial district territory, the eligibility for inclusion in special zones, and the applicability of municipal management districts law; and the number of members and terms of the board of directors of the district, including provisions for temporary directors and compensation.

C.S.H.B. 4773 sets forth the powers and duties of the district and the board, including the authority to develop or finance recreational facilities; undertake certain road projects and the standards and requirements for such projects; exercise development corporation powers; create a nonprofit corporation; make an agreement with or accept a gift, grant, or loan; contract for law enforcement; join a charitable organization; negotiate and enter into a strategic partnership agreement with a municipality; exercise the limited use of eminent domain; annex or exclude land; and access firefighting and emergency medical services. The bill requires the Texas Commission on Environmental Quality to treat the district as a municipal utility district situated wholly within Harris County for purposes of any applicable evaluation by the commission of the economic feasibility of the district or its project and bonds, debt service, tax rate, maintenance tax rate, or overlapping tax rate. The bill authorizes the district to establish economic development programs and establishes that the district has all the powers of a municipality relating to such programs.

C.S.H.B. 4773 sets forth general financial provisions for the disbursement or transfer of the district's money, for money used for improvements or services, for a required petition for financing services and improvements with assessments, for methods of notice for hearings, and for the authority to impose and collect an assessment for certain purposes and enforcement of the assessment by lien. The bill prohibits the district from imposing impact fees and assessments of certain utility and telecommunications providers. The bill sets forth provisions authorizing the district to impose a property tax for operations and maintenance, impose contract taxes, and borrow money and issue 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 authorizes the district, subject to voter approval with limited exception, to issue bonds, notes, and other obligations, and impose a property tax. The bill prohibits the district from issuing bonds payable from property taxes to finance a road project unless approved by a vote of a two-thirds majority of district voters. The bill requires the total principal amount of bonds or other obligations issued or incurred to finance road projects and payable from property taxes to not exceed one-fourth of the assessed value of the real property in the district at the time of issuance. The bill establishes which existing provisions related to competitive bidding apply and do not apply to the district. The bill authorizes the district to grant an abatement for tax or assessment owed to the district.

C.S.H.B. 4773 authorizes the district to define an area of the district or designate certain property to pay for improvements, facilities, or services that primarily benefit that area. The bill requires an election to be held in the defined area or within the boundaries of the designated property only, before the district may impose a property tax or issue bonds payable from property taxes of the defined area or designated property, and establishes the procedure for the election, declaration of results, and issuance of an order establishing the area. The bill authorizes the district, on voter approval, to apply separately, differently, equitably, and specifically its taxing power and lien authority to the defined area or designated property to provide money to construct, administer, maintain, and operate services, improvements, and facilities that primarily benefit the defined area or designated property. The bill authorizes the district to issue bonds to provide for any land, improvements, facilities, plants, equipment, and appliances for the defined area or designated property.

C.S.H.B. 4773 authorizes a municipality in whose extraterritorial jurisdiction the district is located to annex all or part of the district and specifies that annexation does not result in dissolution of the district or assumption of any district obligations or indebtedness. The bill specifies that the creation of the district does not affect certain powers of a municipality.

C.S.H.B. 4773 sets forth in detail the initial boundaries of the district. The bill defines the terms "board," "director," 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. 4773 differs from the original in nonsubstantive ways by using language reflective of certain bill drafting conventions.

C.S.H.B. 4773 requires the Texas Commission on Environmental Quality to treat the district as a municipal utility district situated wholly within Harris County, whereas the original requires the district be treated as a municipal utility district situated wholly within Chambers County. The substitute adds a provision not included in the original prohibiting the district from exercising the

power of eminent domain outside the district to acquire a site or easement for a road project authorized by the bill's provisions or for a recreational facility.

C.S.H.B. 4773 removes a provision included in the original specifying that a provision applicable to certain counties that limits the use of an operation and maintenance tax for recreational facilities, does not apply to the district. The substitute removes a provision included in the original specifying that provisions relating to bonds for recreational facilities for districts in certain counties do not apply to the district. The substitute adds a provision not in the original specifying that the creation of the district does not affect the power a municipality had before the district was created to spend money or provide services.