

## **BILL ANALYSIS**

C.S.H.B. 4777  
By: Edwards  
County Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

C.S.H.B. 4777 creates Harris County Improvement District No. 12 as a political subdivision of the State of Texas to administer and provide funding for economic development projects and services in the district. The district is located in the corporate limits of the City of Houston in Harris County. The district will be a municipal management district similar to those operating pursuant to Chapter 375, Local Government Code, and Title 4, Special District Local Laws Code.

### **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. 4777 amends the Special District Local Laws Code to set forth standard language for the creation of the Harris County Improvement District No. 12. The bill sets forth provisions for the nature of the district; the district's purpose and benefit; initial district territory; the eligibility for inclusion in special zones for tax increment reinvestment, tax abatement reinvestment, and enterprise; the applicability of municipal management; and the liberal construction of the chapter. The bill provides for the governing body of the district and terms of board members; the appointment of directors, initial voting directors, and nonvoting directors; quorum of the board, and director compensation.

C.S.H.B. 4777 grants the district the powers given to a development corporation and authorizes the board by resolution to create a nonprofit corporation for specific purposes. The bill sets forth general provisions for the powers and duties of the district, including the authority to make agreements and accept grants, and the authority to contract for law enforcement, join and pay dues to a charitable or nonprofit organization, establish and provide for the administration of economic development programs, and annex or exclude land. The bill sets forth requirements for obtaining approval from the City of Houston for the issuance of bonds and the plans and specifications of certain projects. The bill prohibits the district from exercising the power of eminent domain.

C.S.H.B. 4777 authorizes the district to provide a public transit system within the district boundaries and parking facilities that may be operated by a private entity. The bill authorizes the district to adopt rules governing the district's public parking facilities and authorizes the district to use any of its resources to finance a public transit system or public parking facility.

C.S.H.B. 4777 sets forth general provisions for disbursements and transfers of money; a petition for financing services and improvements with assessments; a method of providing notice for a hearing; the imposition of assessments and liens for assessments; the exemption of the property of an electric or gas utility and a telecommunications, cable, or advanced telecommunications provider from impact fees and assessments; competitive bidding; and tax and assessment

abatements. The bill specifies a provision exempting certain residential property from an impact fee, assessment, tax, or other requirement does not apply to a tax imposed by the district.

C.S.H.B. 4777 sets forth general financial provisions authorizing the district, subject to the approval of district voters with limited exception, to borrow money and issue bonds and other obligations, impose a property tax for operations and maintenance, and impose contract taxes. 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 specifies the City of Houston is not required to pay a bond, note, or other obligation of the district.

C.S.H.B. 4777 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. 4777 sets forth in detail the initial boundaries of the district. The bill defines "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. 4777 differs from the original by specifying two voting directors to be included in the composition of the initial board, whereas the original did not specify these two directors. The substitute adds provisions not in the original setting forth requirements for obtaining approval from the City of Houston for the issuance of bonds and the plans and specifications of certain projects. The substitute removes a provision in the original exempting the district's public parking facilities and any lease to a private entity from the payment of property taxes and state and local sales and use taxes.

C.S.H.B. 4777 removes a provision in the original requiring a petition for the financing of a service or improvement project with assessments to be signed by at least 25 owners of real property in the district that will be subject to assessment under certain circumstances as an alternative to being signed by the owner of a majority of the assessed value of real property in the district subject to the assessment. The substitute adds a provision not in the original making the exemption from certain taxes inapplicable to a requirement for payment of a service provided by the district. The substitute omits a provision included in the original exempting the district from provisions encouraging full participation of disadvantaged businesses in all phases of its procurement activities.