

BILL ANALYSIS

C.S.H.B. 4787
By: Riddle
County Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Harris County Improvement District No. 18 is currently located in the extraterritorial jurisdiction of the City of Houston in Harris County. The district will be a municipal management district similar to those operating under provisions of the Local Government Code and the Special District Local Laws Code.

C.S.H.B. 4787 creates the Harris County Improvement District No. 18 as a political subdivision of the State of Texas to administer and provide funding for economic development projects and services in 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. 4787 amends the Special District Local Laws Code to create the Harris County Improvement District No. 18. The bill sets forth general provisions for the nature of the district, the district's purpose and declaration of intent, public purpose and benefit, initial district territory, the eligibility of an area of the district for inclusion in special zones, the applicability of municipal management district law, and the liberal construction of provisions regarding the district; the composition of the board, terms of the board of directors of the district, the appointment of directors, the initial voting directors, nonvoting members, the quorum requirement, and compensation; the powers and duties of the district, including the authority to exercise powers given to a development corporation, to make an agreement with or accept a gift, grant, or loan from any person, to contract for law enforcement, to create a nonprofit corporation, to join and pay dues to a charitable organization, to establish an economic development program, to negotiate and enter into a strategic partnership agreement, to finance, acquire, construct, improve, operate, maintain, or charge a fee for the use of district conduits, and to annex and exclude land. The bill prohibits the district from exercising the power of eminent domain.

C.S.H.B. 4787 sets forth provisions relating to the district's authority to acquire, lease as lessor or lessee, construct, develop, own, operate, and maintain parking facilities or a system of park facilities, and authorizes the district to adopt rules governing its public parking facilities. The bill authorizes the district to use any of its resources to pay the cost of acquiring or operating public parking facilities. 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 the district to acquire, construct, finance, operate, or maintain any improvement or service authorized under the bill's provisions or under provisions relating to municipal management districts, using any money available to the district. The bill prohibits the board from financing a service or improvement project with an assessment unless a written petition requesting that service or improvement has been filed with the board, and sets forth procedures

for the petition and for notice of a hearing. The bill authorizes the board by resolution to impose and collect an assessment for any purpose authorized by the bill in all or any part of the district. The bill prohibits the district from imposing an impact fee or assessment on the property of an electric or gas utility, a telecommunications provider, or a person who provides to the public cable television or advanced telecommunications service. The bill provides that the prohibition against the imposition of an impact fee, assessment, tax, or other requirement on single-family detached residential property, duplexes, triplexes, and quadraplexes does not apply to a tax imposed by the district or a requirement for payment for a service provided by the district, including water and sewer service.

C.S.H.B. 4787 sets forth general financial provisions authorizing the district to impose an operation and maintenance tax, to borrow money, to issue bonds and other obligations, and to impose contract taxes. The bill sets forth provisions for a district election regarding taxes and 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 sets forth the applicable state law relating to the district's competitive bidding. The bill authorizes the district to grant in the manner authorized by state law an abatement for a tax or assessment owed to the district.

C.S.H.B. 4787 authorizes the district to define areas or to designate certain property of the district to pay for improvements, facilities, or services that primarily benefit that area or property and do not generally and directly benefit the district as a whole. The bill sets forth procedures for an election and for declaring a result and issuing an order in the defined area or designated property regarding bonds payable from property taxes of the area or property. The bill sets forth provisions regarding the district's authority relating to taxes for services, improvements, and facilities in defined areas or designated property and provisions regarding the issuance of bonds and the imposition of taxes for the area or property.

C.S.H.B. 4787 sets forth provisions relating to the meanings of words and phrases and the applicability of certain Tax Code provisions. The bill authorizes the district to adopt a sales and use tax to serve the purposes of the district after an election in which a majority of the voters of the district voting in the election authorize the adoption of the tax and sets forth election procedures. The bill authorizes the board to abolish the tax without an election unless the district has outstanding debt secured by the tax. The bill sets forth provisions relating to the rate of the district's sales and use tax. The bill authorizes the district to impose a hotel occupancy tax for any district purpose, and sets forth requirements relating to the tax. The bill sets forth provisions relating to municipal annexation and dissolution of the district.

C.S.H.B. 4787 sets forth initial boundaries of the district and 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. 4787 differs from the original by removing a provision in the original providing that the district's public parking facilities and any lease to a private entity are exempt from the payment of property taxes and state and local sales and use taxes. The substitute removes a provision in the original requiring a petition filed to request a service or improvement to be signed by at least 25 persons who own real property subject to assessment in the district.

C.S.H.B. 4787 differs from the original by establishing that the prohibition against the imposition of an impact fee, assessment, tax, or other requirement on certain residential property does not apply to a required payment for a service provided by the district, including water and sewer service.

C.S.H.B. 4787 removes from the original the application of Tax Code provisions governing a county hotel occupancy tax to provisions of the bill authorizing such a tax, and instead applies Tax Code provisions governing a municipal hotel occupancy tax, and makes conforming changes. The substitute, instead of specifying possible uses for revenue from a hotel occupancy tax as in the original, provides that the district may use revenue from the tax for any purpose that is an authorized use of hotel occupancy tax revenue under provisions of the Tax Code relating to municipal hotel occupancy taxes.