

## **BILL ANALYSIS**

C.S.H.B. 4798  
By: Taylor  
County Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The proposed district will be located within the corporate limits of League City in Galveston and Harris Counties. The district will be a municipal management district similar to those operating under the Local Government Code.

C.S.H.B. 4798 creates the League City Improvement District 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. 4798 amends the Special District Local Laws Code to create the League City Improvement District. The bill sets forth provisions relating to the nature of the district, the purpose of the district and a declaration of intent, findings of public purpose and benefit, the initial district territory, the eligibility for inclusion in special zones, the applicability of municipal management districts law, and the liberal construction of the provisions establishing the district. The bill sets out provisions relating to the composition of the board, directors' terms, the appointment of directors, nonvoting directors, requirements for a quorum, and specifies the initial voting board members: Robert Mark, Mike Duckett, Dee Scott, Robert Kirchner, Marilyn Wier, Thomas Linklater, and Dale Hardy.

C.S.H.B. 4798 sets out the powers and duties of the district relating to the exercise of the powers given to a development corporation and a municipal development district, the creation of a nonprofit corporation to assist and act for the district in implementing a project or providing a service, agreements and grants, contracts with law enforcement, approval by the city of League City, membership in charitable organizations, economic development programs, and annexation or exclusion of territory by the district. The bill prohibits the district from exercising the power of eminent domain.

C.S.H.B. 4798 sets forth provisions relating to a public transit system, parking facilities, the operation of parking facilities by a private entity, and the financing of a public transit system or parking facilities. The bill authorizes the district to adopt rules covering its public transit system or its public parking system.

C.S.H.B. 4798 sets forth general financial provisions relating to disbursements and transfers of money, money used for improvements or services, a required petition for financing services and improvement with assessments, the method of notice for hearing, assessments and liens for assessments, the exemption of certain utility property from impact fees and assessments, the prohibition on the district imposing property taxes, district authority to borrow money and issue bonds, a city's exemption from paying district obligations, competitive bidding, assessment

abatements, and assessments on property within the boundaries of other districts.

C.S.H.B. 4798 sets forth provisions relating to the authority to establish defined areas or designated property for taxes. The bill sets out provisions relating to a sales and use tax for the meanings of words and phrases, the applicability of certain tax code provisions, the district's authorization to adopt a tax and the election to authorize the adoption, the board's authority to abolish a sales and use tax, and the sales and use tax rate.

C.S.H.B. 4798 sets forth a metes and bounds description of the initial boundaries of the district and defines "board," "city," "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. 4798 differs from the original by clarifying that a mistake in the field notes or in copying the field notes in the legislative process does not affect the League City Improvement District's right to impose or collect a sales and use tax, whereas the original states that such an error does not affect the district's right to impose or collect a tax.

C.S.H.B. 4798 differs from the original by redesignating the persons who serve on the initial board of voting directors.

C.S.H.B. 4798 omits provisions in the original relating to the district's authorization to impose an operation and maintenance tax on taxable property in the district, and adds a provision prohibiting the district from imposing property taxes and makes conforming changes. The substitute omits provisions in the original relating to taxes for bonds payable from property taxes and elections regarding taxes and bonds, and removes provisions relating to taxes for certain defined areas and designated property.

C.S.H.B. 4798 differs from the original by clarifying that an election to establish a sales and use tax is required to be held in the manner prescribed by provisions relating to elections in municipal management districts. The substitute adds a provision not included in the original establishing that a petition required for a bond election does not apply to the district.

C.S.H.B. 4798 makes technical changes relating to the boundaries of the district.