

AN ACT

relating to the powers and duties of Harris County Improvement District No. 1; providing authority to impose a tax and issue bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 3818.002, Special District Local Laws Code, is amended to read as follows:

Sec. 3818.002. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 1. A special district known as the "Harris County Improvement District No. 1" is a political subdivision of this state created under Section 59, Article XVI, Texas Constitution.

SECTION 2. Section 3818.051, Special District Local Laws Code, is amended by amending Subsection (d) and adding Subsection (e) to read as follows:

(d) The commission shall ~~[attempt to]~~ appoint directors from persons recommended by the board ~~[to represent all geographical areas and business interests in the district and shall solicit input from the existing board concerning persons who would be eligible to represent the various interests in the district].~~

(e) The board by resolution may change the number of directors on the board, but only if the board determines that the change is in the best interest of the district. The board may not consist of fewer than 9 or more than 15 directors.

SECTION 3. Subsections (a) and (d), Section 3818.052, Special District Local Laws Code, are amended to read as follows:

1 (a) A [~~Except as provided by Subsection (b), a~~] director  
2 must meet the requirements provided by Section 375.063, Local  
3 Government Code.

4 (d) A person who qualifies to serve on the board [~~under~~  
5 ~~Subsection (a) or (b)~~] is qualified to serve as a director and  
6 participate in all votes pertaining to the business of the  
7 district.

8 SECTION 4. Section 3818.054, Special District Local Laws  
9 Code, is amended to read as follows:

10 Sec. 3818.054. VACANCY. The board [~~commission~~] by  
11 appointment shall fill a vacancy on the board.

12 SECTION 5. Subchapter C, Chapter 3818, Special District  
13 Local Laws Code, is amended by adding Sections 3818.110, 3818.111,  
14 and 3818.112 to read as follows:

15 Sec. 3818.110. AUTHORITY TO CONTRACT FOR LAW ENFORCEMENT.  
16 To protect the public interest, the district may contract with a  
17 qualified party, including Harris County, the City of Houston, or  
18 any licensed peace officer, for the provision of law enforcement  
19 services in the district for a fee.

20 Sec. 3818.111. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. The  
21 district may join and pay dues to a charitable or nonprofit  
22 organization that performs a service or provides an activity  
23 consistent with the furtherance of a district purpose.

24 Sec. 3818.112. ECONOMIC DEVELOPMENT PROGRAMS. (a) The  
25 district may establish and provide for the administration of one or  
26 more programs to promote state or local economic development and to  
27 stimulate business and commercial activity in the district,

1 including programs to:

2 (1) make loans and grants of public money; and

3 (2) provide district personnel and services.

4 (b) The district has all of the powers of a municipality  
5 under Chapter 380, Local Government Code.

6 SECTION 6. Section 3818.201, Special District Local Laws  
7 Code, is amended to read as follows:

8 Sec. 3818.201. NOTICE AND HEARING REQUIRED. The board may  
9 finance a service or improvement project under this chapter with  
10 assessments after:

11 (1) notice of a hearing has been given as required by  
12 Section 3818.202; and

13 (2) the board holds a public hearing on the  
14 advisability of the service or improvement and the proposed  
15 assessments.

16 SECTION 7. Section 3818.202, Special District Local Laws  
17 Code, is amended by adding Subsection (d) to read as follows:

18 (d) The district may mail the notice required by Section  
19 375.115(c), Local Government Code, by certified or first class  
20 United States mail. The board shall determine the method of notice.

21 SECTION 8. Section 3818.204, Special District Local Laws  
22 Code, is amended to read as follows:

23 Sec. 3818.204. PETITION REQUIRED FOR FINANCING SERVICES AND  
24 IMPROVEMENT PROJECTS. (a) The board may not finance a service or  
25 improvement project under this chapter with assessments unless a  
26 written petition requesting that service or improvement has been  
27 filed with the board.

1 (b) The petition must be signed by:

2 (1) the owners of 50 percent of the assessed value of  
3 the property in the district subject to assessment based on the most  
4 recent certified county tax appraisal roll; or

5 (2) the owners of 50 percent or more of the surface  
6 area of the district subject to assessment, excluding roads,  
7 streets, highways, and utility rights-of-way, based on the most  
8 recent certified county tax appraisal roll.

9 SECTION 9. Subsection (a), Section 3818.205, Special  
10 District Local Laws Code, is amended to read as follows:

11 (a) The district may impose an ad valorem tax, assessment,  
12 or impact fee in accordance with Chapter 375, Local Government  
13 Code, to provide an improvement or service for a project or activity  
14 the district may acquire, construct, improve, or provide under this  
15 chapter [~~if a written petition requesting that improvement or~~  
16 ~~service has been filed with the board~~].

17 SECTION 10. Subchapter E, Chapter 3818, Special District  
18 Local Laws Code, is amended by adding Sections 3818.212, 3818.213,  
19 3818.214, 3818.215, 3818.216, 3818.217, 3818.218, and 3818.219 to  
20 read as follows:

21 Sec. 3818.212. DISBURSEMENTS AND TRANSFERS OF MONEY. The  
22 board by resolution shall establish the number of directors'  
23 signatures and the procedure required for a disbursement or  
24 transfer of the district's money.

25 Sec. 3818.213. MONEY USED FOR IMPROVEMENTS OR SERVICES.  
26 The district may acquire, construct, finance, operate, or maintain  
27 any improvement or service authorized under this chapter or Chapter

1 375, Local Government Code, using any money available to the  
2 district.

3 Sec. 3818.214. OPERATION AND MAINTENANCE TAX. (a) If  
4 authorized at an election held in accordance with Section 3818.217,  
5 the district may impose an operation and maintenance tax on taxable  
6 property in the district in accordance with Section 49.107, Water  
7 Code, for any district purpose, including to:

8 (1) maintain and operate the district;

9 (2) construct or acquire improvements; or

10 (3) provide a service.

11 (b) The board shall determine the tax rate. The rate may not  
12 exceed the rate approved at the election.

13 (c) Section 49.107(h), Water Code, does not apply to the  
14 district.

15 Sec. 3818.215. AUTHORITY TO BORROW MONEY AND TO ISSUE  
16 BONDS. (a) The district may borrow money on terms and conditions  
17 as determined by the board. Section 375.205, Local Government  
18 Code, does not apply to a loan, line of credit, or other borrowing  
19 from a bank or financial institution secured by revenue other than  
20 ad valorem taxes.

21 (b) The district may issue by competitive bid or negotiated  
22 sale bonds, notes, or other obligations payable wholly or partly  
23 from ad valorem taxes, assessments, impact fees, revenue, contract  
24 payments, grants, or other district money, or any combination of  
25 those sources of money, to pay for any authorized district purpose.

26 (c) The limitation on the outstanding principal amount of  
27 bonds, notes, and other obligations provided by Section 49.4645,

1 Water Code, does not apply to the district.

2 Sec. 3818.216. TAXES FOR BONDS. At the time the district  
3 issues bonds payable wholly or partly from ad valorem taxes, the  
4 board shall provide for the annual imposition of a continuing  
5 direct ad valorem tax, without limit as to the rate or amount, while  
6 all or part of the bonds are outstanding as required and in the  
7 manner provided by Sections 54.601 and 54.602, Water Code.

8 Sec. 3818.217. ELECTIONS REGARDING TAXES AND BONDS.

9 (a) The district may issue, without an election, bonds, notes, and  
10 other obligations secured by revenue other than ad valorem taxes.

11 (b) The district must hold an election in the manner  
12 provided by Subchapter L, Chapter 375, Local Government Code, to  
13 obtain voter approval before the district may impose an ad valorem  
14 tax or issue bonds payable from ad valorem taxes.

15 (c) Section 375.243, Local Government Code, does not apply  
16 to the district.

17 (d) All or part of any facilities or improvements that the  
18 district may acquire by the issuance of district bonds may be  
19 submitted as a single proposition or as several propositions to be  
20 voted on at the election.

21 Sec. 3818.218. COMPETITIVE BIDDING. Subchapter I, Chapter  
22 49, Water Code, applies to the district. Sections 375.221 and  
23 375.223, Local Government Code, do not apply to the district.

24 Sec. 3818.219. TAX AND ASSESSMENT ABATEMENTS. The district  
25 may grant in the manner authorized by Chapter 312, Tax Code, an  
26 abatement for a tax or assessment owed to the district.

27 SECTION 11. The following provisions of the Special

1 District Local Laws Code are repealed:

- 2 (1) Subsection (b), Section 3818.052;
- 3 (2) Section 3818.053;
- 4 (3) Subsection (b), Section 3818.151;
- 5 (4) Subsection (b), Section 3818.205; and
- 6 (5) Section 3818.208.

7 SECTION 12. (a) The legislature validates and confirms all  
8 governmental acts and proceedings of the board of directors of the  
9 Harris County Improvement District No. 1 that were taken before the  
10 effective date of this Act.

11 (b) Subsection (a) of this section does not apply to any  
12 matter that on the effective date of this Act:

13 (1) is involved in litigation if the litigation  
14 ultimately results in the matter being held invalid by a final  
15 judgment of a court; or

16 (2) has been held invalid by a final judgment of a  
17 court.

18 SECTION 13. (a) The legal notice of the intention to  
19 introduce this Act, setting forth the general substance of this  
20 Act, has been published as provided by law, and the notice and a  
21 copy of this Act has been furnished to all persons, agencies,  
22 officials, or entities to which they are required to be furnished  
23 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
24 Government Code.

25 (b) The governor, one of the required recipients, has  
26 submitted the notice and Act to the Texas Commission on  
27 Environmental Quality.

1           (c) The Texas Commission on Environmental Quality has filed  
2 its recommendations relating to this Act with the governor,  
3 lieutenant governor, and speaker of the house of representatives  
4 within the required time.

5           (d) All requirements of the constitution and laws of this  
6 state and the rules and procedures of the legislature with respect  
7 to notice, introduction, and passage of this Act have been  
8 fulfilled and accomplished.

9           SECTION 14. This Act takes effect immediately if it  
10 receives a vote of two-thirds of all the members elected to each  
11 house, as provided by Section 39, Article III, Texas Constitution.  
12 If this Act does not receive the vote necessary for immediate  
13 effect, this Act takes effect September 1, 2009.



\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 2552 passed the Senate on May 14, 2009, by the following vote: Yeas 31, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 2552 passed the House on May 26, 2009, by the following vote: Yeas 144, Nays 0, one present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor