

1-1 By: Patrick S.B. No. 2552
1-2 (In the Senate - Filed April 22, 2009; April 23, 2009, read
1-3 first time and referred to Committee on Intergovernmental
1-4 Relations; May 11, 2009, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 4, Nays 0;
1-6 May 11, 2009, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 2552 By: Patrick

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the powers and duties of Harris County Improvement
1-11 District No. 1; providing authority to impose a tax and issue bonds.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 3818.002, Special District Local Laws
1-14 Code, is amended to read as follows:

1-15 Sec. 3818.002. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 1. A
1-16 special district known as the "Harris County Improvement District
1-17 No. 1" is a political subdivision of this state created under
1-18 Section 59, Article XVI, Texas Constitution.

1-19 SECTION 2. Section 3818.051, Special District Local Laws
1-20 Code, is amended by amending Subsection (d) and adding Subsection
1-21 (e) to read as follows:

1-22 (d) The commission shall ~~[attempt to]~~ appoint directors
1-23 from persons recommended by the board ~~[to represent all~~
1-24 ~~geographical areas and business interests in the district and shall~~
1-25 ~~solicit input from the existing board concerning persons who would~~
1-26 ~~be eligible to represent the various interests in the district].~~

1-27 (e) The board by resolution may change the number of
1-28 directors on the board, but only if the board determines that the
1-29 change is in the best interest of the district. The board may not
1-30 consist of fewer than 9 or more than 15 directors.

1-31 SECTION 3. Subsections (a) and (d), Section 3818.052,
1-32 Special District Local Laws Code, are amended to read as follows:

1-33 (a) ~~A [Except as provided by Subsection (b), a]~~ director
1-34 must meet the requirements provided by Section 375.063, Local
1-35 Government Code.

1-36 (d) ~~A person who qualifies to serve on the board [under~~
1-37 ~~Subsection (a) or (b)]~~ is qualified to serve as a director and
1-38 participate in all votes pertaining to the business of the
1-39 district.

1-40 SECTION 4. Section 3818.054, Special District Local Laws
1-41 Code, is amended to read as follows:

1-42 Sec. 3818.054. VACANCY. The board ~~[commission]~~ by
1-43 appointment shall fill a vacancy on the board.

1-44 SECTION 5. Subchapter C, Chapter 3818, Special District
1-45 Local Laws Code, is amended by adding Sections 3818.110, 3818.111,
1-46 and 3818.112 to read as follows:

1-47 Sec. 3818.110. AUTHORITY TO CONTRACT FOR LAW ENFORCEMENT.
1-48 To protect the public interest, the district may contract with a
1-49 qualified party, including Harris County, the City of Houston, or
1-50 any licensed peace officer, for the provision of law enforcement
1-51 services in the district for a fee.

1-52 Sec. 3818.111. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. The
1-53 district may join and pay dues to a charitable or nonprofit
1-54 organization that performs a service or provides an activity
1-55 consistent with the furtherance of a district purpose.

1-56 Sec. 3818.112. ECONOMIC DEVELOPMENT PROGRAMS. (a) The
1-57 district may establish and provide for the administration of one or
1-58 more programs to promote state or local economic development and to
1-59 stimulate business and commercial activity in the district,
1-60 including programs to:

1-61 (1) make loans and grants of public money; and

1-62 (2) provide district personnel and services.

1-63 (b) The district has all of the powers of a municipality

2-1 under Chapter 380, Local Government Code.
2-2 SECTION 6. Section 3818.201, Special District Local Laws
2-3 Code, is amended to read as follows:
2-4 Sec. 3818.201. NOTICE AND HEARING REQUIRED. The board may
2-5 finance a service or improvement project under this chapter with
2-6 assessments after:
2-7 (1) notice of a hearing has been given as required by
2-8 Section 3818.202; and
2-9 (2) the board holds a public hearing on the
2-10 advisability of the service or improvement and the proposed
2-11 assessments.
2-12 SECTION 7. Section 3818.202, Special District Local Laws
2-13 Code, is amended by adding Subsection (d) to read as follows:
2-14 (d) The district may mail the notice required by Section
2-15 375.115(c), Local Government Code, by certified or first class
2-16 United States mail. The board shall determine the method of notice.
2-17 SECTION 8. Section 3818.204, Special District Local Laws
2-18 Code, is amended to read as follows:
2-19 Sec. 3818.204. PETITION REQUIRED FOR FINANCING SERVICES AND
2-20 IMPROVEMENT PROJECTS. (a) The board may not finance a service or
2-21 improvement project under this chapter with assessments unless a
2-22 written petition requesting that service or improvement has been
2-23 filed with the board.
2-24 (b) The petition must be signed by:
2-25 (1) the owners of 50 percent of the assessed value of
2-26 the property in the district subject to assessment based on the most
2-27 recent certified county tax appraisal roll; or
2-28 (2) the owners of 50 percent or more of the surface
2-29 area of the district subject to assessment, excluding roads,
2-30 streets, highways, and utility rights-of-way, based on the most
2-31 recent certified county tax appraisal roll.
2-32 SECTION 9. Subsection (a), Section 3818.205, Special
2-33 District Local Laws Code, is amended to read as follows:
2-34 (a) The district may impose an ad valorem tax, assessment,
2-35 or impact fee in accordance with Chapter 375, Local Government
2-36 Code, to provide an improvement or service for a project or activity
2-37 the district may acquire, construct, improve, or provide under this
2-38 chapter [~~if a written petition requesting that improvement or~~
2-39 ~~service has been filed with the board~~].
2-40 SECTION 10. Subchapter E, Chapter 3818, Special District
2-41 Local Laws Code, is amended by adding Sections 3818.212, 3818.213,
2-42 3818.214, 3818.215, 3818.216, 3818.217, 3818.218, and 3818.219 to
2-43 read as follows:
2-44 Sec. 3818.212. DISBURSEMENTS AND TRANSFERS OF MONEY. The
2-45 board by resolution shall establish the number of directors'
2-46 signatures and the procedure required for a disbursement or
2-47 transfer of the district's money.
2-48 Sec. 3818.213. MONEY USED FOR IMPROVEMENTS OR SERVICES.
2-49 The district may acquire, construct, finance, operate, or maintain
2-50 any improvement or service authorized under this chapter or Chapter
2-51 375, Local Government Code, using any money available to the
2-52 district.
2-53 Sec. 3818.214. OPERATION AND MAINTENANCE TAX. (a) If
2-54 authorized at an election held in accordance with Section 3818.217,
2-55 the district may impose an operation and maintenance tax on taxable
2-56 property in the district in accordance with Section 49.107, Water
2-57 Code, for any district purpose, including to:
2-58 (1) maintain and operate the district;
2-59 (2) construct or acquire improvements; or
2-60 (3) provide a service.
2-61 (b) The board shall determine the tax rate. The rate may not
2-62 exceed the rate approved at the election.
2-63 (c) Section 49.107(h), Water Code, does not apply to the
2-64 district.
2-65 Sec. 3818.215. AUTHORITY TO BORROW MONEY AND TO ISSUE
2-66 BONDS. (a) The district may borrow money on terms and conditions
2-67 as determined by the board. Section 375.205, Local Government
2-68 Code, does not apply to a loan, line of credit, or other borrowing
2-69 from a bank or financial institution secured by revenue other than

3-1 ad valorem taxes.

3-2 (b) The district may issue by competitive bid or negotiated
3-3 sale bonds, notes, or other obligations payable wholly or partly
3-4 from ad valorem taxes, assessments, impact fees, revenue, contract
3-5 payments, grants, or other district money, or any combination of
3-6 those sources of money, to pay for any authorized district purpose.

3-7 (c) The limitation on the outstanding principal amount of
3-8 bonds, notes, and other obligations provided by Section 49.4645,
3-9 Water Code, does not apply to the district.

3-10 Sec. 3818.216. TAXES FOR BONDS. At the time the district
3-11 issues bonds payable wholly or partly from ad valorem taxes, the
3-12 board shall provide for the annual imposition of a continuing
3-13 direct ad valorem tax, without limit as to the rate or amount, while
3-14 all or part of the bonds are outstanding as required and in the
3-15 manner provided by Sections 54.601 and 54.602, Water Code.

3-16 Sec. 3818.217. ELECTIONS REGARDING TAXES AND BONDS.

3-17 (a) The district may issue, without an election, bonds, notes, and
3-18 other obligations secured by revenue other than ad valorem taxes.

3-19 (b) The district must hold an election in the manner
3-20 provided by Subchapter L, Chapter 375, Local Government Code, to
3-21 obtain voter approval before the district may impose an ad valorem
3-22 tax or issue bonds payable from ad valorem taxes.

3-23 (c) Section 375.243, Local Government Code, does not apply
3-24 to the district.

3-25 (d) All or part of any facilities or improvements that the
3-26 district may acquire by the issuance of district bonds may be
3-27 submitted as a single proposition or as several propositions to be
3-28 voted on at the election.

3-29 Sec. 3818.218. COMPETITIVE BIDDING. Subchapter I, Chapter
3-30 49, Water Code, applies to the district. Sections 375.221 and
3-31 375.223, Local Government Code, do not apply to the district.

3-32 Sec. 3818.219. TAX AND ASSESSMENT ABATEMENTS. The district
3-33 may grant in the manner authorized by Chapter 312, Tax Code, an
3-34 abatement for a tax or assessment owed to the district.

3-35 SECTION 11. The following provisions of the Special
3-36 District Local Laws Code are repealed:

3-37 (1) Subsection (b), Section 3818.052;
3-38 (2) Section 3818.053;
3-39 (3) Subsection (b), Section 3818.151;
3-40 (4) Subsection (b), Section 3818.205; and
3-41 (5) Section 3818.208.

3-42 SECTION 12. (a) The legislature validates and confirms all
3-43 governmental acts and proceedings of the board of directors of the
3-44 Harris County Improvement District No. 1 that were taken before the
3-45 effective date of this Act.

3-46 (b) Subsection (a) of this section does not apply to any
3-47 matter that on the effective date of this Act:

3-48 (1) is involved in litigation if the litigation
3-49 ultimately results in the matter being held invalid by a final
3-50 judgment of a court; or

3-51 (2) has been held invalid by a final judgment of a
3-52 court.

3-53 SECTION 13. (a) The legal notice of the intention to
3-54 introduce this Act, setting forth the general substance of this
3-55 Act, has been published as provided by law, and the notice and a
3-56 copy of this Act has been furnished to all persons, agencies,
3-57 officials, or entities to which they are required to be furnished
3-58 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
3-59 Government Code.

3-60 (b) The governor, one of the required recipients, has
3-61 submitted the notice and Act to the Texas Commission on
3-62 Environmental Quality.

3-63 (c) The Texas Commission on Environmental Quality has filed
3-64 its recommendations relating to this Act with the governor,
3-65 lieutenant governor, and speaker of the house of representatives
3-66 within the required time.

3-67 (d) All requirements of the constitution and laws of this
3-68 state and the rules and procedures of the legislature with respect
3-69 to notice, introduction, and passage of this Act have been

4-1 fulfilled and accomplished.

4-2 SECTION 14. This Act takes effect immediately if it
4-3 receives a vote of two-thirds of all the members elected to each
4-4 house, as provided by Section 39, Article III, Texas Constitution.
4-5 If this Act does not receive the vote necessary for immediate
4-6 effect, this Act takes effect September 1, 2009.

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