

BILL ANALYSIS

C.S.H.B. 425
By: Driver
Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties observe that the City of Rowlett does not currently have any municipal management districts. Municipal management districts facilitate economic development and reduce financial risk and cost to the city. The creation of such a district is necessary to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public welfare in the district. C.S.H.B. 425 seeks to create the Rowlett Downtown Management District, which would have the authority to impose a tax, levy an assessment, and issue bonds, but would be prohibited from exercising the power of eminent domain.

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. 425 amends the Special District Local Laws Code to create the Rowlett Downtown Management District, establish the nature and purpose of the district, and make findings of benefit and public purpose. The bill makes all or any part of the district eligible for inclusion in a tax increment reinvestment zone, a tax abatement reinvestment zone, or an enterprise zone created by the City of Rowlett. The bill makes certain statutory provisions relating to municipal management districts applicable to the district and provides for the liberal construction of the bill.

C.S.H.B. 425 provides for the district's governance by a board of five voting directors and three nonvoting ex officio directors and sets out the manner of appointment, length of terms, and eligibility criteria for the appointed directors. The bill includes provisions relating to director privileges, conflicts of interest, a director's oath or affirmation, officers, compensation of directors, reimbursement of expenses, and presence of a quorum. The bill adds a temporary provision, set to expire September 1, 2015, to provide for the appointment and terms of the initial directors.

C.S.H.B. 425 grants the district the powers and duties of a conservation and reclamation district, road district, road utility district, public improvement district, municipal management district, and Type B development corporation. The bill authorizes, with certain restrictions, the district to enter into contracts. The bill authorizes the district to create economic development programs, provide economic development grants, and exercise the economic development powers that state law governing obligations for other municipal purposes grants to municipalities. The bill authorizes the district, subject to certain restrictions, to adopt rules to administer or operate the district; provide for the use, enjoyment, availability, protection, security, and maintenance of the district's property and facilities; or provide for public safety and security in the district, among other administrative powers. The bill authorizes the district's board of directors to add or remove territory in the district if the action is approved by the governing body of the City of Rowlett and

by the owners of the property being added or removed. The bill prohibits the district from exercising the power of eminent domain.

C.S.H.B. 425 authorizes the district to impose a property tax and an assessment on property in the district; provide or secure the payment or repayment of certain district costs and expenses; establish certain user charges; undertake the cost of an improvement project; and enter into tax abatement agreements. The bill authorizes the district to impose an impact fee or assessment on residential or commercial property and limits an impact fee on residential property to certain purposes, including public water and wastewater facilities. The bill makes the exemption from an impact fee, tax, or assessment for certain residential property under the municipal management district law inapplicable to the district. The bill authorizes the district to impose a maintenance and operations tax if the maximum tax rate is approved by the governing body of the City of Rowlett and by a majority of the district voters at an election held for that purpose. The bill authorizes the district to issue bonds or other obligations payable wholly or partly from the property taxes or assessments or from any other district revenue. The bill requires bonds or other obligations that are secured by and payable from property taxes and the imposition of the tax for that purpose to be approved by a majority of the district voters at an election held for that purpose and by the governing body of the City of Rowlett. The bill prohibits the district from issuing bonds until the governing body of the City of Rowlett approves a bond issuance plan authorizing and setting limits on the bond issuance. The bill requires the district to negotiate a project development agreement with the City of Rowlett before issuing bonds, imposing taxes, or borrowing money.

C.S.H.B. 425 provides for the dissolution of the district and the disposition of the district's assets and liabilities on dissolution. The bill describes the territory that composes the district and makes provisions for certain mistakes in the description. The bill defines "board," "city," "director," "district," and "improvement project."

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 425 omits a provision included in the original authorizing the district to provide, or enter into contracts with a governmental or private entity to provide, the planning, design, construction, improvement, maintenance, and operation of alternative power generation facilities, including solar, geothermal, and wind.