

BILL ANALYSIS

C.S.H.B. 2296

By: Ritter

Natural Resources

Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, there is undeveloped land located within the extraterritorial jurisdiction of the City of Port Arthur in Jefferson County. C.S.H.B. 2296 proposes to create a management district over this property to administer and provide public infrastructure as well as economic development projects and services.

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. 2296 amends the Special District Local Laws Code to create the Jefferson County Management District No. 1 and to establish the nature and purpose of the district. The bill sets out provisions relating to findings of benefit and public purpose and initial district territory. The bill makes all or part of the district eligible for inclusion in a tax increment reinvestment zone, tax abatement reinvestment zone, enterprise zone, or industrial district. The bill makes provisions relating to municipal management districts in general applicable to the district and provides for the liberal construction of the bill's provisions.

C.S.H.B. 2296 provides for the district's governance by a board of five voting directors. The bill requires the Texas Commission on Environmental Quality (TCEQ) to appoint voting directors from persons recommended by the board, and sets out temporary provisions, set to expire September 1, 2016, relating to initial voting directors and authorizing the owner or owners of a majority of the assessed value of the real property in the district to submit a petition to TCEQ requesting that TCEQ appoint as initial voting directors the five persons named in the petition. The bill sets out provisions relating to nonvoting directors, presence of a quorum, and director compensation.

C.S.H.B. 2296 sets out provisions relating to district powers and duties. The bill establishes that the district has the powers and duties necessary to accomplish the purposes for which the district is created. The bill sets out provisions relating to authorized improvement projects and services, including the authority to contract with a governmental or private entity, and the authority to exercise the powers given to a Type B development corporation. The bill authorizes the district's board of directors by resolution to authorize the creation of a nonprofit corporation to assist and act for the district in implementing a project or providing an authorized service. The bill authorizes the district to make an agreement with or accept a gift, grant, or loan from any person and to contract with a qualified party, including Jefferson County or the City of Port Arthur, to provide law enforcement services in the district for a fee. The bill authorizes the district to join and pay dues to a charitable or nonprofit organization to further a district purpose. The bill authorizes the district to engage in activities that accomplish the economic development purposes of the district, to establish and provide for the administration of one or more programs to promote state or local economic development and to stimulate business and commercial activity in the district, and to create economic development programs and exercise the economic development powers that state law relating to loans and grants for certain economic development purposes and bonds for facilities to be sold or leased to public or private entities grants to municipalities. The bill authorizes the district to acquire, lease, construct, develop, own, operate, and maintain parking facilities. The bill authorizes the district to annex or exclude

land under certain law. The bill establishes that the district has the powers provided by the general law of the state applicable to navigation districts. The bill authorizes the district to negotiate and enter into a written strategic partnership with a municipality in whose extraterritorial jurisdiction the district is located and to construct, acquire, improve, maintain, finance, and operate rail facilities and related improvements. The bill prohibits the district from exercising the power of eminent domain.

C.S.H.B. 2296 sets out general financial provisions relating to district authority to designate reinvestment zones and grant abatements of a tax or assessment on property in the zones; disbursements and transfers of money; money used for improvements or services; a required petition for financing services and improvements with assessments; and a certain method of notice for a hearing. The bill authorizes the board by resolution to impose and collect an assessment for any authorized purpose in all or part of the district and provides related provisions. The bill makes a provision relating to an exemption for single-family detached residential property, duplexes, triplexes, and quadraplexes inapplicable to a tax approved by the voters of the district or a required payment for a service provided by the district, including water and sewer services. The bill establishes applicable competitive bidding provisions.

C.S.H.B. 2296 authorizes the district to issue, without an election, bonds, notes, and other obligations secured by revenue other than property taxes or by certain contract payments. The bill authorizes the district, subject to the approval of district voters, to impose a property tax or issue bonds payable from property taxes. The bill makes a provision prohibiting the board of directors of a municipal management district from calling a bond election unless an applicable petition has been filed with the board inapplicable to the Jefferson County Management District No. 1. The bill authorizes the district to impose an operation and maintenance tax subject to voter approval for any district purpose. The bill authorizes the district to impose a tax other than an operation and maintenance tax and use the revenue derived from the tax to make payments under a voter-approved contract. The bill authorizes the district to borrow money on terms determined by the board; makes provisions relating to bond approval by the attorney general inapplicable to a loan, line of credit, or other borrowing from a bank or financial institution secured by revenue other than property taxes; and authorizes the district to issue bonds, notes, or other obligations payable wholly or partly from property taxes, assessments, impact fees, revenue, contract payments, grants, or other district money, or any combination of those sources of money. The bill requires the board, on bonds payable wholly or partly from property taxes, to provide for the annual imposition of a continuing direct annual property tax, without limit as to rate or amount, while all or part of the bonds are outstanding. The bill authorizes the district to impose taxes for the construction and maintenance of rail facilities and improvements under constitutional provisions relating to counties, cities, or other political corporations or subdivisions, lending credit, grants, and bonds; constitutional provisions relating to a loan or grant of public money for economic development; and constitutional provisions relating to the conservation and development of natural resources and parks and recreational facilities, and conservation and reclamation districts.

C.S.H.B. 2296 authorizes the district to define areas or designate certain property 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 authorizes the district to impose a property tax and issue bonds payable from property taxes of the area defined or property designated after an election in the defined area or within the boundaries of the designated property only and, on voter approval and adoption of an order establishing the defined area or designating the specific property, to apply its taxing power and lien authority to the defined area or designated property to provide money for the benefit of the area or property. The bill authorizes the district to issue bonds to provide for any land, improvements, facilities, plants, equipment, and appliances for such a defined area or designated property.

C.S.H.B. 2296 provides provisions relating to municipal annexation and dissolution of the district, providing that the district is a water or sewer district under certain municipal annexation provisions, and makes certain annexation provisions relating to special districts applicable to the district, and makes a provision relating to a limitation on dissolution regarding outstanding bonded indebtedness inapplicable to the dissolution of the district by a municipality.

C.S.H.B. 2296 sets out in detail the initial boundaries of the district and makes provision for certain mistakes in the description of the boundaries. The bill defines "board," "city," "county," "director," and "district."

EFFECTIVE DATE

This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2011.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 2296 contains a provision authorizing the district to impose taxes for the construction and maintenance of rail facilities and improvements pursuant to constitutional provisions relating to conservation and reclamation districts, whereas the original did not reference this constitutional authority for rail facilities and improvements.