

BILL ANALYSIS

C.S.H.B. 3810
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Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, there is undeveloped land located within the extraterritorial jurisdiction of the City of Houston in Harris County. A management district would help to develop this land by providing a mechanism to finance public infrastructure as well as economic development projects and services. C.S.H.B. 3810 creates the Harris County Improvement District No. 22 to accomplish these public infrastructure and economic development purposes.

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. 3810 amends the Special District Local Laws Code to create the Harris County Improvement District No. 22, establish the nature and purpose of the district, and make findings of benefit and public purpose. The bill sets out the initial district territory and makes provisions for certain mistakes in the description. 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 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. 3810 provides for the district's governance by a board of five voting directors and sets out the manner of appointment and length of terms for the directors. The bill authorizes the board to appoint nonvoting members to serve at the pleasure of the voting directors. The bill includes provisions relating to compensation of directors and presence of a quorum. The bill adds a temporary provision, set to expire September 1, 2016, to provide for the appointment, terms, and names of the initial directors. The bill establishes requirements on the board regarding the disbursement or transfer of district money and makes certain provisions of law relating to competitive bidding apply or not apply, as applicable.

C.S.H.B. 3810 authorizes the district to provide, or enter into a contract with a governmental or private entity to provide, certain types of improvement projects and related activities. The bill grants the district the powers and duties of a Type B development corporation. The bill authorizes the district's board of directors, by resolution, to create 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 enter into an agreement with or accept a gift, grant, or loan from any person. The bill authorizes the district to contract with a qualified party, including Harris County or the City of Houston, to provide law enforcement services in the district. The bill authorizes the district to join and pay dues to a charitable organization to further a district purpose.

C.S.H.B. 3810 authorizes the district to engage in activities that accomplish the economic development purposes of the district and 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 to acquire, lease, construct, develop, own, operate, and maintain parking facilities or a system of parking facilities. The bill authorizes the district to annex or exclude land. 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.

C.S.H.B. 3810 prohibits the district from exercising the power of eminent domain.

C.S.H.B. 3810 authorizes the board by resolution to impose and collect an assessment for any authorized purpose in all or part of the district and prohibits the board from financing a service or improvement project with assessments unless a written petition requesting the service or improvement has been filed with the board. The bill establishes requirements for the petition and the notice of a hearing. 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 designate reinvestment zones and grant abatements of a tax or assessment on property in the zones.

C.S.H.B. 3810 authorizes the district to issue, without an election, bonds or other obligations secured by revenue other than property taxes or contract payments. The bill requires the district to obtain voter approval before imposing a property tax or issuing bonds payable from property taxes. The bill authorizes the district to impose a maintenance and operation tax if the rate is approved by a majority of the district voters at an election. 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 contract if the provisions of the contract have been approved by a majority of the district voters voting at an election held for that purpose.

C.S.H.B. 3810 authorizes the district to borrow money and to issue bonds and requires the board, at the time the district issues 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, for each year that all or part of the bonds are outstanding. The bill makes provisions limiting bonds for recreational facilities in certain counties inapplicable to the district.

C.S.H.B. 3810 authorizes the district to establish defined areas and designated 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 requires the board to call and hold an election in the defined area or within the boundaries of the designated property before the district is authorized to impose a property tax or issue bonds payable from property taxes of the area defined or property designated under the bill's provisions. The bill authorizes the board to submit the proposition to the voters on the same ballot to be used in another election. The bill requires the board, if a majority of the voters voting at the election approve the proposition or propositions, to declare the results and, by order, to establish the defined area and describe it by metes and bounds or designate the specific property. The bill specifies the board's order is not subject to judicial review.

C.S.H.B. 3810 authorizes the district, on voter approval and adoption of the order described above, to apply separately, differently, equitably, and specifically its taxing power and lien authority to the defined area or designated property to provide money to construct, administer, maintain, and operate services, improvements, and facilities that primarily benefit the defined area or designated property. The bill authorizes the district, after such an order is adopted, to issue bonds to provide for any land, improvements, facilities, plants, equipment, and appliances for the defined area or designated property.

C.S.H.B. 3810 provides for municipal annexation and dissolution of the district, specifying that the district is a "water or sewer district" under certain Local Government Code provisions. The bill makes certain annexation provisions relating to special districts apply to the district and

exempts the district from a prohibition against dissolving a district if the district has any outstanding bonded indebtedness. The bill describes the territory that composes the district. The bill defines "board," "city," "county," "director," and "district."

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. 3810 contains a provision not included in the original naming the five initial directors of the Harris County Improvement District No. 22.