

BILL ANALYSIS

C.S.H.B. 3812
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Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Imperial Redevelopment District was created as a municipal utility district with the powers of a municipal management district in order to provide water, sewer, and drainage facilities and parks and roads for the mixed-use redevelopment of the Imperial Sugar mill site and surrounding property. C.S.H.B. 3812 seeks to update provisions governing the district in order to clarify the management powers of the district and to provide district authority to construct and finance additional types of facilities.

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. 3812 amends the Special District Local Laws Code to establish that the Imperial Redevelopment District is created only under constitutional provisions relating to conservation and reclamation districts, rather than under those provisions and under constitutional provisions relating to counties, cities, or other political corporations or subdivisions and the lending of credit, grants, and bonds, and constitutional provisions relating to the development or redevelopment of property, property tax relief, and issuance of bonds and notes. The bill specifies that, in addition to being essential to accomplish the purposes of all such constitutional provisions, the district is essential to the accomplish the purposes of constitutional provisions relating to the loan or grant of public money for economic development and other public purposes stated in statutory provisions relating to the district, as amended by the bill.

C.S.H.B. 3812 establishes that by creating the district and in authorizing the City of Sugar Land, Fort Bend County, and other political subdivisions to contract with the district, the legislature has established a program to accomplish the public purposes set out in constitutional provisions relating to the loan or grant of public money for economic development. The bill establishes that the 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. The bill prohibits provisions relating to the district and the creation of the district from being interpreted to relieve the city or the county from providing services to the area in the district. The bill establishes that the district is created to supplement and not to supplant city and county services provided in the district.

C.S.H.B. 3812 establishes that the district, in addition to being created for the purposes of a municipal utility district, is created for the purposes of certain constitutional provisions that relate to the construction, acquisition, improvement, operation, or maintenance of macadamized, graveled, or paved roads, or improvements in aid of those roads, including drainage improvements, rather than for the purposes of a road utility district created under certain constitutional provisions and operating under applicable Transportation Code provisions. The bill establishes additional findings of benefit and public purpose regarding the district, including, among others, that the district is created to serve a public use and benefit, that the creation of the

district is in the public interest and is essential to further certain public purposes, and that the district will promote and provide for certain public interests. The bill establishes that a sports and community venue facility is considered to be a park and recreational facility.

C.S.H.B. 3812 provides for the district to undertake certain municipal management district projects and services, including authority to contract with a governmental or private entity.

C.S.H.B. 3812 authorizes the district 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 a service authorized by provisions relating to the district and sets out related provisions. 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, 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 create economic development programs and exercise certain municipal economic development powers. The bill authorizes the district to acquire, lease, construct, develop, own, operate, and maintain parking facilities and to acquire, sell, lease, convey, construct, finance, develop, own, operate, maintain, acquire real property interests for, demolish, or reconstruct a sports and community venue facility and sets out related provisions.

C.S.H.B. 3812, in provisions relating to a district road project and reimbursement for a district road project, replaces each reference to a road facility with a reference to a road improvement.

C.S.H.B. 3812 authorizes the district to issue, without an election, bonds and other obligations secured by contract payments as provided by certain provisions of the bill, rather than contract payments from any source other than property taxation.

C.S.H.B. 3812 removes language authorizing the district to impose an annual property tax on taxable property in the district for the provision of services or for the maintenance and operation of the district if authorized at an election and instead authorizes the district to impose an operation and maintenance tax on such property for any district purpose if authorized by a majority of the district voters voting at an election held for that purpose, and makes a certain limitation on an operation and maintenance tax for recreational facilities levied by a district located in certain counties inapplicable to the district.

C.S.H.B. 3812 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 sets out provisions relating to district 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 any part of the district and sets out related provisions. The bill authorizes the district to designate reinvestment zones and to grant abatements of a tax or assessment on property in the zones.

C.S.H.B. 3812 authorizes the district to issue bonds or other obligations from assessments or contract payments, in addition to other sources, to pay for any authorized district purpose. The bill makes the limitation on the outstanding principal amount of bonds, notes, and other obligations provided by provisions relating to district bonds for recreational facilities in certain counties inapplicable to the district.

C.S.H.B. 3812 revises provisions relating to district taxes for bonds and other obligations to specify that at the time the district issues bonds payable wholly or partly from property taxes, the board is required 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 as required and

in the manner provided by municipal utility district provisions relating to a tax levy for bonds and the establishment of a tax rate in each year. The bill removes language relating to the annual imposition of continuing direct property tax.

C.S.H.B. 3812 makes a municipal management district provision requiring Texas Commission on Environmental Quality (TCEQ) approval regarding bonds for water, sewage, or drainage facilities applicable to the district.

C.S.H.B. 3812 prohibits the district from exercising a power granted by provisions of law relating to a development corporation, nonprofit corporation, membership in charitable organizations, economic development, parking facilities, sports and community venue facilities, contract taxes, or tax and assessment abatements, as added by the bill, until the governing body of the City of Sugar Land consents to the power by adopting a resolution or ordinance. The bill authorizes the governing body to consent to some or all of the provisions through the resolution or ordinance but prohibits the governing body from modifying such a provision. The bill establishes that these prohibitions and authorization do not affect any consent or authorization granted by the city to the district before the bill's effective date.

C.S.H.B. 3812 repeals a provision authorizing the district, if the district enters into a joint road project contract, to issue bonds to pay all or part of the costs of the joint road project and any other required payments; provisions relating to the authority of TCEQ over issuance of district bonds in regard to the applicability of certain Water Code provisions to certain district projects; and a provision making provisions of law relating to bonds for county roads inapplicable to the district.

C.S.H.B. 3812 establishes that the legislature validates and confirms all acts and proceedings of the board that were taken before the bill's effective date and makes such validation and confirmation inapplicable to any matter that on the bill's effective date is involved in litigation if the litigation ultimately results in the matter being held invalid by a final judgment of a court or to any matter that on the bill's effective date has been held invalid by a final judgment of a court.

C.S.H.B. 3812 defines "county" and makes conforming and nonsubstantive changes.

C.S.H.B. 3812 repeals the following sections of the Special District Local Laws Code:

- Section 8150.253
- Section 8150.255
- Section 8150.256

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. 3812 differs from the original by adding language prohibiting the Imperial Redevelopment District from exercising a power granted by bill provisions relating to contract taxes or tax and assessment abatements until the governing body of the City of Sugar Land consents to the power by adopting a resolution or ordinance. The substitute contains provisions not included in the original authorizing the governing body to consent to some or all of certain bill provisions through such a resolution or ordinance and prohibiting the governing body from modifying such a provision.

C.S.H.B. 3812 differs from the original in nonsubstantive ways by conforming to certain bill drafting conventions.