

BILL ANALYSIS

H.B. 3827
By: Zerwas
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, a large percentage of the acreage of a proposed management district in the city of Fulshear is insufficiently developed and in need of essential public infrastructure such as drainage, detention, roadways, water, wastewater, storm sewers, and related surface infrastructure components, such as enhanced lighting, green spaces, and pavers in order to help construct a walkable development that will include commercial, office, and multifamily residential components. Interested parties believe that the creation of the Fulshear Town Center Management District will be an effective means of creating a commercial development that will dramatically impact the city's future development. H.B. 3827 seeks to establish provisions relating to the creation of the district, providing authority to impose an assessment, impose a tax, and issue bonds.

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

H.B. 3827 amends the Special District Local Laws Code to create the Fulshear Town Center Management District and to establish the nature and purpose of the district and set out legislative findings relating to the district. The bill sets out provisions relating to findings of benefit and public purpose and initial district territory, including provisions for the effect of certain mistakes in the description of the boundaries. 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, if the City of Fulshear creates a tax increment reinvestment zone, authorizes the city and the board of directors of the zone, by contract with the district, to grant money deposited in the tax increment fund to the district to be used by the district for certain purposes permitted for money granted to a corporation, including the right to pledge the money as security for any bonds issued by the district for an improvement project. The bill prohibits a project from receiving certain public funds unless the project complies with a development agreement entered into under certain provisions of the bill. The bill makes a tax increment reinvestment zone created by the city in the district not subject to the limitations provided by a certain Tax Code provision relating to restrictions on the composition of a reinvestment zone, and prohibits a tax increment reinvestment zone or a tax abatement reinvestment zone from including territory in the district unless the governing body of the city approves the inclusion. 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.

H.B. 3827 provides for the district's governance by a board of five voting directors, sets out the length of terms, and provides for the qualifications of directors appointed by the city and makes a Water Code provision relating to the disqualification of a water district director inapplicable to the Fulshear Town Center Management District. The bill sets out provisions relating to the appointment of directors, board vacancies, director's oath or affirmation, board officers, director

compensation and reimbursement, and director liability insurance. The bill prohibits the board from creating an executive committee to exercise the board's powers and requires the board to hold meetings at a place accessible to the public. The bill sets out temporary provisions set to expire September 1, 2016, providing for initial directors.

H.B. 3827 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 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 the bill's provisions and sets out provisions relating to the administration of the corporation. 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 Fort Bend County or the city, to provide law enforcement services in the district for a fee.

H.B. 3827 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 certain municipal economic development powers.

H.B. 3827 authorizes the district to acquire, lease, construct, develop, own, operate, and maintain parking facilities. The bill prohibits the district from exercising the power of eminent domain.

H.B. 3827 authorizes the district to provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service using money available to the district, or to contract with a governmental or private entity to provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an authorized improvement project or service under the bill's provisions or under provisions relating to municipal management districts in general. The bill sets out provisions relating to the location of an improvement project, prerequisites for improvement projects, additional district duties regarding improvement projects, and license and certification requirements.

H.B. 3827 sets out general financial provisions relating to 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 authorizes the district to designate reinvestment zones and to grant abatements of a tax or assessment on property in the zones.

H.B. 3827 authorizes the district to issue, by public or private sale, bonds, notes, or other obligations payable wholly or partly from property taxes or assessments in the manner provided by the Public Improvement District Assessment Act or bond provisions relating to municipal management districts in general and provides related provisions. The bill authorizes bonds to mature not more than 30 years from their date of issue. The bill, at the time bonds or other obligations payable wholly or partly from property taxes are issued, requires the board to impose a continuing direct annual property tax for each year that all or part of the bonds are outstanding and requires the district to annually impose a property tax on all taxable property in the district in an amount sufficient to pay the interest on the bonds or other obligations as the interest becomes due and to create a sinking fund for the payment of the principal of the bonds or other obligations when due or the redemption price at any earlier required redemption date. The bill authorizes the district, subject to voter approval, to impose a property tax or issue bonds payable from property taxes. The bill authorizes the district to impose a hotel occupancy tax not to exceed seven percent of the price paid for a room in a hotel in the manner provided for a municipality. The bill prohibits the district from imposing an assessment or tax on a single-

family residential property that is in the district's initial territory and exists as of the bill's effective date. The bill makes a certain general law municipal management district exemption for single-family detached residential property, duplexes, triplexes, and quadraplexes inapplicable to the district. The bill authorizes the district to enter into a development agreement that requires the district to reimburse a developer for the costs associated with constructing and maintaining an improvement project and authorizes the district to use revenue from taxes and assessments to reimburse such a developer.

H.B. 3827 authorizes the city by ordinance to dissolve the district, but prohibits the city from dissolving the district until the district's outstanding debt or contractual obligations that are payable from property taxes have been repaid or discharged, or the city has affirmatively assumed the obligation to pay the outstanding debt from city revenue. The bill prohibits the city, if the district enters a development agreement, from dissolving the district until the agreement has been executed and the district's performance under the agreement has been fulfilled. The bill provides related provisions regarding the collection of assessments and other revenue by the city and the assumption of assets and liabilities.

H.B. 3827 sets out in detail the initial boundaries of 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.