

BILL ANALYSIS

H.B. 3828
By: Hochberg
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties contend that the Gulfton area of southwest Houston suffers from a decline in property value, challenged public infrastructure, absence of significant enhancements to the public rights-of-way, and a reputation for high crime and poor identity. The interested parties also contend that the Gulfton area suffers from a lack of attention from both the city and the county in addressing some of the challenges that have kept the area from developing to its full potential. H.B. 3828 seeks to address these issues by establishing provisions relating to the creation of the Gulfton Area Municipal Management District, providing authority to impose a tax, levy an assessment, and issue bonds in order to help redevelop and revitalize the area.

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. 3828 amends the Special District Local Laws Code to create the Gulfton Area Municipal Management District, establish the nature and purpose of the district, make findings of benefit and public purpose, and provide for the 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, a tax abatement reinvestment zone, an enterprise zone, or an industrial district and makes provision for the creation of a tax increment reinvestment zone by the City of Houston. The bill makes general law municipal management district provisions applicable to the district, except as otherwise provided by the bill's provisions, and provides for the liberal construction of the bill's provisions.

H.B. 3828 provides for the district's governance by a board of seven directors who serve staggered terms of four years and sets out qualifications to serve as a director appointed by the governing body of the city. The bill sets out provisions relating to the appointment of directors, board vacancies, a director's oath or affirmation, presence of a quorum, board officers, director compensation and expenses, and director liability insurance. The bill prohibits the board from creating an executive committee to exercise the powers of the board and requires the board to hold meetings at a place accessible to the public. The bill adds a temporary provision, set to expire September 1, 2012, providing for initial directors.

H.B. 3828 sets out provisions relating to district powers and duties and establishes that the district has the powers and duties necessary to accomplish the purposes for which the district is created. The bill provides for the district to undertake certain improvement projects and services or to contract with a governmental or private entity for an improvement project or service. The bill authorizes the district to exercise the powers given to a Type B development corporation. The bill authorizes the board 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 related provisions. The bill authorizes the district to make 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, 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, 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 sets out related provisions. The bill prohibits the district from exercising the power of eminent domain.

H.B. 3828 sets out general financial provisions providing for disbursements and transfers of district 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 purpose authorized by the bill's provisions in all or part of the district and sets out related provisions. The bill prohibits an assessment based on the taxable value of real property from exceeding 12 cents per \$100 of assessed valuation of taxable property in the district, according to the most recent certified tax appraisal roll for the county. 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. 3828 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 certain manners. The bill authorizes the district, in exercising the district's borrowing power, to issue a bond or other obligation in the form of a bond, note, certificate of participation or other instrument evidencing a proportionate interest in payments to be made by the district, or other type of obligation. The bill authorizes district bonds to be secured and made payable wholly or partly by a pledge of any part of the money the district receives from improvement revenue or from any other source. The bill authorizes bonds to mature not more than 40 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.

H.B. 3828 authorizes the city by ordinance to dissolve the district, but not 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, if the dissolved district has bonds or other obligations outstanding secured by and payable from assessments or other revenue, other than property taxes, provides for the collection of assessments and other revenue by the city.

H.B. 3828, if the legislature grants the district a power that is in addition to the powers approved by the initial resolution of the governing body of the city consenting to the creation of the district, prohibits the district from exercising that power unless the governing body of the city consents to that change by resolution. The bill establishes that after the city dissolves the district, the city assumes, subject to the appropriation and availability of funds, the obligations of the district, including any bonds or other debt payable from assessments or other district revenue. The bill requires the board to transfer ownership of all district property to the city if the city dissolves the district.

H.B. 3828 sets out in detail the initial boundaries of the district. The bill defines "board," "city," "director," and "district."

EFFECTIVE DATE

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