

## **BILL ANALYSIS**

H.B. 3831  
By: Marquez  
Natural Resources  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

H.B. 3831 seeks to create the Montecillo Municipal Management District No. 1 over approximately 300 acres within the city of El Paso in order to provide improvement projects and services that confer a special benefit to property in the district and to pay for such projects and services through assessments or taxes.

### **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. 3831 amends the Special District Local Laws Code to create the Montecillo Municipal Management District No. 1, 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 El Paso, Texas. The bill makes statutory 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. 3831 provides for the district's governance by a board of five directors and sets out the length of terms and appointment of directors. The bill includes provisions relating to board vacancies, director compensation, and reimbursement of expenses. The bill adds a temporary provision, set to expire September 1, 2013, providing for initial directors.

H.B. 3831 sets out provisions relating to district powers and duties, granting the district the powers of a public improvement district, except that the district is prohibited from exercising such powers in a municipality's extraterritorial jurisdiction; the powers of a conservation and reclamation district; and the powers of a road district and road utility district. The bill authorizes the district to contract with a governmental or private entity, on terms determined by the board, to carry out an authorized power or duty or to accomplish a purpose for which the district is created.

H.B. 3831 authorizes the district to undertake an improvement project or service that confers a special benefit on a definable area in the district and levy and collect a special assessment on benefited property in the district in accordance with certain provisions. The bill provides for authorized district improvement projects and services, including district authority to contract with a governmental or private entity for an authorized 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. The bill authorizes the district to

make an agreement with or accept a gift, grant, or loan from any person.

H.B. 3831 authorizes the district to contract with a qualified party, including El Paso 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 economic development powers. The bill authorizes the district to acquire, lease, construct, develop, own, operate, and maintain parking facilities.

H.B. 3831 prohibits the district from exercising the power of eminent domain.

H.B. 3831 sets out general financial provisions relating to disbursements and transfers of district money and to money used for improvements or services. The bill makes a certain municipal management district exemption for single-family detached residential property, duplexes, triplexes, and quadraplexes inapplicable to the Montecillo Municipal Management District No. 1. 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. 3831 authorizes the district to issue bonds or other obligations payable wholly or partly from property taxes, assessments, impact fees, revenue, grants, or other district money to pay for any authorized purpose of the district. 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.

H.B. 3831 requires the district to obtain the approval of the city for the issuance of bonds for an improvement project, the plans and specifications of an improvement project financed by the bonds, and the plans and specifications of an improvement project related to the use of land owned by the city, an easement granted by the city, or a right-of-way of a street, road, or highway. The bill prohibits the district from issuing bonds until the governing body of the city approves a bond issuance plan authorizing and setting forth the limitations on the issuance of the bonds. The bill authorizes the district, if the district obtains the approval of the city of a capital improvements budget for a period not to exceed five years, to finance the capital improvements and issue bonds specified in the budget without further approval from the city.

H.B. 3831 authorizes the district to issue, without an election, bonds and other obligations payable from any source other than property taxation. The bill authorizes the district, subject to voter approval, to impose a property tax or issue bonds payable from property taxes. The bill makes a prohibition on 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 Montecillo Municipal Management District No. 1. The bill prohibits the district from issuing bonds payable from property taxes to finance a road project unless the issuance is approved by a vote of a two-thirds majority of district voters.

H.B. 3831 authorizes the district to impose an operation and maintenance tax if authorized at an election and to make payments under a voter approved contract from taxes other than operation and maintenance taxes. The bill requires the board, on bonds payable from property taxes, to provide for the annual imposition of a continuing direct property tax, without limit as to rate or amount, while all or part of the bonds are outstanding. The bill prohibits the total principal amount of bonds or other obligations issued or incurred to finance road projects from exceeding one-fourth of the assessed value of the real property in the district at the time of issuance.

H.B. 3831, before the district may issue bonds, impose taxes, impose assessments, or borrow

money, requires the district and the city to negotiate and execute a mutually approved and accepted project development agreement regarding the development plans and rules for the development and operation of the district and the financing of improvement projects.

H.B. 3831 sets out in detail the initial boundaries of the district. The bill defines "board," "city," "county," "director," and "district."

**EFFECTIVE DATE**

September 1, 2011.