

BILL ANALYSIS

H.B. 3852
By: Pitts
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties support the creation of a municipal management district in the City of Midlothian to finance certain facilities, infrastructure, and services in the district. The parties note that the public purposes of the district are consistent with provisions of the Texas Constitution relating to a loan or grant of public money and the conservation and development of natural resources and parks and recreational facilities. H.B. 3852 seeks to accomplish these purposes by creating the Midlothian Municipal Management District No. 2.

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. 3852 amends the Special District Local Laws Code to create the Midlothian Municipal Management District No. 2, establish the nature and purpose of the district, and make findings of benefit and public purpose. The bill prohibits the district from exercising any powers under the bill's provisions until a development agreement is executed and sets its provisions to expire September 1, 2015, if the development agreement and a finance plan are not executed by that date. The bill defines "development agreement" and "finance plan." The bill makes all or part of the district eligible for inclusion in a tax increment reinvestment zone, tax abatement reinvestment zone, or enterprise zone created by the City of Midlothian. The bill provides that if the City of Midlothian creates a tax increment reinvestment zone, the city and the board of directors of the zone, by contract with the district, are authorized to grant money deposited in the tax increment fund to the district to be used by the district for certain economic development purposes. The bill defines "board," "city," "county," "director," "district," and "improvement project."

H.B. 3852 provides for the district's governance by a board of five voting directors and two nonvoting ex officio directors and sets out the length of terms, qualifications, and manner of appointment for the appointed directors. The bill sets out provisions relating to the filling of vacancies, director's oath or affirmation, officers, director's compensation and expenses, liability insurance coverage, location of board meetings, and conflicts of interest. The bill adds a temporary provision, set to expire September 1, 2016, to provide for the appointment and terms of the initial directors.

H.B. 3852 grants the district the powers and duties of a conservation and reclamation district, road district, public improvement district, and municipal management district. The bill authorizes the district to provide, or enter into contracts with a governmental or private entity to provide, certain types of improvement projects and related activities and establishes conditions and restrictions on such district undertakings. The bill authorizes the district to adopt rules to administer or operate the district or for the use, enjoyment, availability, protection, security, and maintenance of the district's property and facilities and authorizes the district to enforce its rules

by injunctive relief. The bill requires the board to give written notice of any name change to the City of Midlothian and authorizes the board to employ and establish the terms of employment and compensation of an executive director or general manager and any other district employees the board considers necessary. The bill authorizes the district to contract with any person to accomplish any district purpose and sets out provisions related to that authority. The bill prohibits the district from exercising the power of eminent domain.

H.B. 3852 requires the district and the City of Midlothian to negotiate and execute a development agreement regarding the development plans and rules for the development and operation of the district and the financing of improvement projects before the district may issue bonds, impose taxes or assessments, or borrow money. The bill authorizes the district to borrow money for a district purpose by issuing or executing bonds, notes, credit agreements, or other obligations and to secure the payment or repayment of the debt by the imposition of a tax or an assessment, user fee, or rental charge, by a lease, installment purchase contract, or other agreement, or by any other revenue or resources of the district or other revenue authorized by the city. The bill authorizes the district to impose an assessment on property in the district to pay the cost of any authorized district improvement or the maintenance of any authorized district improvement in the manner provided for a municipal management district under certain provisions of the municipal management districts law or a municipality or county under the Public Improvement District Assessment Act. The bill addresses the lien of an assessment against property and a correction or deletion to the assessment roll. The bill specifies that certain provisions relating to payment of costs do not apply to the district.

H.B. 3852 authorizes the district to impose an impact fee on property in the district, including an impact fee on residential or commercial property, only in the manner provided by the Public Improvement District Assessment Act or provisions governing assessments under the municipal management districts law. The bill limits an impact fee on residential property to certain purposes, including public water and wastewater facilities. The bill authorizes the district to establish user charges for the use of nonpotable water for irrigation purposes, subject to approval of the governing body of the City of Midlothian. The bill authorizes the district to undertake separately or jointly with other persons all or part of the cost of an improvement project. The bill makes the exemption for certain residential property under the municipal management district law inapplicable to the district.

H.B. 3852 authorizes the district to impose a property tax on all taxable property in the district, including industrial, commercial, and residential property, to pay for an improvement project. The bill authorizes the district to impose a maintenance and operation tax if the maximum tax rate is approved by the governing body of the City of Midlothian and by a majority of the district voters voting at an election held for that purpose. The bill authorizes the district to issue bonds and to secure the bonds with money the district receives from any source. The bill requires bonds or other obligations that are secured by property taxes to be approved by a majority of the district voters and by the governing body of the City of Midlothian. The bill requires the district's board of directors, at the time bonds or other obligations payable wholly or partly from property taxes are issued, to impose 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 and requires the district to annually impose a property tax on all property in the district in an amount sufficient to pay the interest on the bonds, create a sinking fund, and pay the expenses of imposing the taxes. The bill authorizes the district to exercise any power of an issuer under Government Code provisions relating to obligations for certain public improvements.

H.B. 3852 provides for the dissolution of the district by city ordinance and the disposition of the district's assets and liabilities on dissolution. The bill describes the territory that composes the district and makes provisions for certain mistakes in the description.

EFFECTIVE DATE

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