

1-1 By: Elkins (Senate Sponsor - West) H.B. No. 1400  
1-2 (In the Senate - Received from the House April 18, 2011;  
1-3 April 26, 2011, read first time and referred to Committee on  
1-4 Intergovernmental Relations; May 19, 2011, reported adversely,  
1-5 with favorable Committee Substitute by the following vote: Yeas 5,  
1-6 Nays 0; May 19, 2011, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 1400 By: West

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to the boundaries and financing of public improvement  
1-11 districts designated by a municipality or county.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 372.003, Local Government Code, is  
1-14 amended by adding Subsection (b-1) to read as follows:

1-15 (b-1) Payment of expenses under Subsection (b)(14) may also  
1-16 include expenses related to the operation and maintenance of mass  
1-17 transportation facilities.

1-18 SECTION 2. Subchapter A, Chapter 372, Local Government  
1-19 Code, is amended by adding Section 372.0035 to read as follows:

1-20 Sec. 372.0035. COMMON CHARACTERISTIC OR USE FOR PROJECTS IN  
1-21 CERTAIN MUNICIPALITIES. (a) This section applies only to:

1-22 (1) a municipality that has a population of more than  
1-23 one million and a council-manager form of government and that is  
1-24 located wholly or partly in a county with a population of more than  
1-25 two million; and

1-26 (2) a public improvement district established under  
1-27 this subchapter and solely composed of territory in which the only  
1-28 businesses are hotels with 100 or more rooms ordinarily used for  
1-29 sleeping.

1-30 (b) A municipality may undertake a project that confers a  
1-31 special benefit on areas that share a common characteristic or use.  
1-32 The areas may be noncontiguous.

1-33 (c) This section does not prohibit a municipality from or  
1-34 limit a municipality to establishing a district that includes a  
1-35 noncontiguous area authorized by this subchapter.

1-36 SECTION 3. Subchapter A, Chapter 372, Local Government  
1-37 Code, is amended by adding Section 372.0055 to read as follows:

1-38 Sec. 372.0055. DEFERRED ASSESSMENT; ESTIMATE. If a  
1-39 proposed improvement under Section 372.005 includes a deferred  
1-40 assessment, before holding the hearing required by Section 372.009,  
1-41 the governing body of the municipality or county must estimate:

1-42 (1) the appraised value of taxable real property  
1-43 liable for assessment in the district; and

1-44 (2) the cost of the improvement.

1-45 SECTION 4. Section 372.017(b), Local Government Code, is  
1-46 amended to read as follows:

1-47 (b) After all objections have been heard and the governing  
1-48 body has passed on the objections, the governing body by ordinance  
1-49 or order shall levy the assessment as a special assessment on the  
1-50 property. The governing body by ordinance or order shall specify  
1-51 the method of payment of the assessment. The governing body may  
1-52 defer an assessment until a date the governing body specifies in the  
1-53 ordinance or order. The governing body may provide that assessments  
1-54 be paid in periodic installments, at an interest rate and for a  
1-55 period approved by the governing body. The provision that  
1-56 assessments be paid in periodic installments may, but is not  
1-57 required to, result in level annual installment payments. The  
1-58 installments must be in amounts necessary to meet annual costs for  
1-59 improvements and must continue for:

1-60 (1) the period necessary to retire the indebtedness on  
1-61 the improvements; or

1-62 (2) the period approved by the governing body for the  
1-63 payment of the installments.

2-1 SECTION 5. Subchapter A, Chapter 372, Local Government  
2-2 Code, is amended by adding Section 372.031 to read as follows:

2-3 Sec. 372.031. FINDINGS PRIOR TO ISSUANCE OF CERTAIN BONDS  
2-4 OR OBLIGATIONS. (a) Prior to the issuance under this chapter of  
2-5 bonds or obligations wholly or partly payable from or secured by  
2-6 assessments, the governing body of a municipality with a population  
2-7 of 250,000 or less or the governing body of a county with a  
2-8 population of 1 million or less issuing the bonds or obligations  
2-9 must find and determine the following:

2-10 (1) construction of all underground water,  
2-11 wastewater, and drainage facilities and roadways to serve the real  
2-12 property liable for assessments necessary to support the payment of  
2-13 the bonds or obligations is at least 95 percent complete; and

2-14 (2) construction of at least 25 percent of the houses  
2-15 or other buildings on the real property liable for assessments and  
2-16 necessary to support the bonds or obligations has been completed.

2-17 (b) Prior to the issuance under this chapter of bonds or  
2-18 obligations wholly or partly payable from or secured by  
2-19 assessments, a municipality with a population of more than 250,000  
2-20 or a county with a population of more than 1 million issuing the  
2-21 bonds or obligations must obtain an independent market study from a  
2-22 firm recognized in the area of real estate market analysis  
2-23 supporting the development projects for the real property liable  
2-24 for assessments and necessary to support the payment of the bonds or  
2-25 obligations.

2-26 (c) Subsections (a) and (b) do not apply to general  
2-27 obligation bonds or certificates of obligations.

2-28 (d) The Attorney General shall adopt rules to enforce this  
2-29 section and to ensure the integrity and economic feasibility of  
2-30 bonds or obligations issued under this chapter.

2-31 SECTION 6. Section 372.041(a), Local Government Code, is  
2-32 amended to read as follows:

2-33 (a) A home-rule municipality may create improvement  
2-34 districts for the purposes of:

2-35 (1) levying, straightening, widening, enclosing, or  
2-36 otherwise improving a river, creek, bayou, stream, other body of  
2-37 water, street, or alley;

2-38 (2) draining, grading, filling, and otherwise  
2-39 protecting and improving the territory within the municipality's  
2-40 limits; ~~and~~

2-41 (3) issuing bonds to finance improvements listed in  
2-42 this subsection; and

2-43 (4) financing an improvement described in Subchapter

2-44 A.

2-45 SECTION 7. This Act takes effect September 1, 2011.

2-46 \* \* \* \* \*