

By: Elkins

H.B. No. 3246

A BILL TO BE ENTITLED

AN ACT

relating to public improvement districts designated by a municipality or county.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 372.0015, Local Government Code, is amended to read as follows:

Sec. 372.0015. DEFINITION. ~~In this subchapter,~~
DEFINITIONS. In this subchapter:

(1) "costs" mean costs and expenses paid or incurred before, during, or after a public improvement district is established and in connection with or related to the undertaking and funding of public improvement projects authorized by Section 372.003; and

(2) "extraterritorial jurisdiction" means extraterritorial jurisdiction as determined under Chapter 42, Local Government Code.

SECTION 2. Subchapter A, Chapter 372, Local Government Code, is amended by adding Section 372.0025 to read as follows:

Sec. 372.0025 PUBLIC IMPROVEMENT DISTRICT. A public improvement district may include two or more noncontiguous areas separated by:

(1) right-of-way or other land dedicated to or owned, leased, or used by a political subdivision or other governmental entity, tax-exempt entity, public or private utility, or railroad;

1 or

2 (2) not more than 1,000 feet, as measured in a straight
3 line, between the nearest points on the property lines of the
4 closest situated noncontiguous areas.

5 SECTION 3. Sections 372.003(a), (b), and (c), Local
6 Government Code, are amended to read as follows:

7 Sec. 372.003. AUTHORIZED IMPROVEMENTS. (a) If the
8 governing body of a municipality or county finds that it promotes
9 the interests of the municipality or county, the governing body may
10 undertake an improvement project that confers a special benefit on
11 a definable part of the municipality or county or the
12 municipality's extraterritorial jurisdiction. A project may be
13 undertaken in the municipality or county or the municipality's
14 extraterritorial jurisdiction.

15 (b) A public improvement project may include:

16 (1) landscaping;

17 (2) erection of fountains, distinctive lighting, and
18 signs;

19 (3) acquiring, constructing, improving, widening,
20 narrowing, closing, or rerouting of sidewalks or of streets, any
21 other roadways, or their rights-of-way;

22 (4) construction or improvement of pedestrian malls;

23 (5) acquisition and installation of pieces of art;

24 (6) acquisition, construction, or improvement of
25 libraries;

26 (7) acquisition, construction, or improvement of
27 off-street parking facilities;

1 (8) acquisition, construction, improvement, or
2 rerouting of mass transportation facilities;

3 (9) acquisition, construction, or improvement of
4 water, wastewater, or drainage facilities or improvements,
5 including the right to receive or provide utility service;

6 (10) the establishment or improvement of parks and
7 recreation facilities;

8 (11) facilities and equipment for firefighters,
9 police, sheriffs, and emergency service providers;

10 (~~11~~12) projects similar to those listed in
11 Subdivisions (1)-(~~10~~11);

12 (~~12~~13) acquisition, by purchase or otherwise, of real
13 property in connection with an authorized improvement;

14 (~~13~~14) special supplemental services for improvement
15 and promotion of the district, including services relating to
16 advertising, promotion, health and sanitation, water and
17 wastewater, firefighters, police, sheriffs, emergency service
18 providers, and other public safety, and security personnel,
19 business recruitment, development, recreation, and cultural
20 enhancement;

21 (~~14~~15) payment of expenses incurred in the
22 establishment, administration, and operation of the district;

23 (~~15~~16) the development, rehabilitation, or expansion
24 of affordable housing;

25 (17) acquisition, construction, maintenance, or
26 improvement of buildings and other facilities commonly used for
27 teaching, research, or the preservation of knowledge by an

1 institution of higher education or for auxiliary purposes of the
2 institution, including administration, student services and
3 housing, athletics, performing arts, and alumni support;

4 (c) A public improvement project may be limited to the
5 provision of the services described by Subsection (b) (~~13~~14).

6 SECTION 3. Chapter 372, Local Government Code, is amended
7 by adding Section 372.0035 to read as follows:

8 Sec. 372.0035. AUTHORIZED HIGHER EDUCATION FACILITIES;
9 LEASE TO INSTITUTION OF HIGHER EDUCATION. (a) In this section,
10 "institution of higher education" has the meaning assigned by
11 Section 61.003, Education Code.

12 (b) The governing body of a municipality or county that
13 establishes a public improvement district to finance a public
14 improvement project described by Section 372.003(b)(17) may enter
15 into a memorandum of understanding with an institution of higher
16 education that provides educational services in the municipality or
17 county under which the municipality or county leases the public
18 improvement project to the institution, at a nominal rate, for use
19 by the institution in providing teaching, research, public service,
20 or auxiliary enterprise activities to students of the institution.

21 SECTION 5. Section 372.014, Local Government Code, is
22 amended to add subsection (c) to read as follows:

23 (c) The assessment plan is intended to be flexible to
24 accommodate a variety of development scenarios, including:

25 (1) assessments against all property to pay the costs
26 of improvements that benefit all the property and additional
27 assessments levied against portions of the property to pay the

1 costs of improvements that benefit those portions of the property;
2 and
3 (2) assessments to pay the costs for all improvements
4 contemplated for all phases of development of the property with
5 different payment and collection dates for the different phases
6 determined by events established by the plan, including events
7 related to the future phased development of the property.

8 SECTION 6. Section 372.015, Local Government Code, is
9 amended to add subsections (e), (f), (g), and (h) to read as
10 follows:

11 (e) The annual installment of an assessment payable in
12 installments may be increased or decreased by the governing body of
13 the municipality or county as reflected in the updated annual
14 service plan and corresponding updated assessment roll.

15 (f) If a parcel is subdivided, the assessment against the
16 parcel before the subdivision may be reallocated among the
17 subdivided parcels.

18 (g) If two or more parcels are consolidated, the assessments
19 may be reallocated to the consolidated parcel.

20 (h) If a proposed use of an undeveloped parcel changes after
21 the assessment is levied against the parcel, the change in use does
22 not affect the validity of the assessment, and the aggregate amount
23 of the assessments levied against the undeveloped parcels may be
24 reallocated among the undeveloped parcels.

25 SECTION 7. Subchapter A, Chapter 372, Local Government
26 Code, is amended by adding Section 372.0175 to read as follows:

27 Sec. 372.0175. CONTRACTS FOR COLLECTION OF ASSESSMENTS.

1 The governing body of a municipality or county may contract with the
2 governing body of another taxing unit, as defined by Section 1.04,
3 Tax Code, or the board of directors of an appraisal district to
4 perform the duties of the municipality or county relating to
5 collection of special assessments levied under this subchapter.

6 SECTION 8. Sections 372.018(a), (f), and (g), Local
7 Government Code, are amended to read as follows:

8 (a) An assessment bears interest at the rate specified by
9 the governing body of the municipality or county beginning at the
10 time or times or on the occurrence of one or more events specified
11 by the governing body. If general obligation bonds, revenue bonds,
12 reimbursement agreements, installment sales contracts, time
13 warrants, or temporary notes are issued to finance the improvement
14 for which the assessment is ~~assessed~~ levied, the interest rate for
15 ~~that~~ the assessment may not exceed a rate that is one-half of one
16 percent higher than the actual interest rate paid on the debt
17 ~~Interest on the assessment between the effective date of the~~
18 ~~ordinance or order levying the assessment and the date the first~~
19 ~~installment is payable shall be added to the first installment.~~ The
20 interest on any delinquent installment shall be added to each
21 subsequent installment until all delinquent installments are paid.
22 The added interest may be used to pay administrative costs, costs of
23 improvements, and costs of financing, including reserves for debt
24 service and prepayments of assessments.

25 (f) Delinquent installments of the assessment shall incur
26 interest, penalties, and attorney's fees in the same manner as
27 delinquent ad valorem taxes. ~~The owner of assessed property may pay~~

1 ~~at any time all or any part of the assessment, with interest that~~
2 ~~has accrued on the assessment, on any lot or parcel.~~

3 (g) The owner of assessed property may pay at any time all or
4 any part of the assessment, with interest that:

5 (1) has accrued on the assessment; and

6 (2) will accrue on the assessment until the next
7 scheduled prepayment or redemption date on the bonds, installment
8 sales contracts, reimbursement agreements, temporary notes, or
9 time warrants issued or entered into to finance or pay for the
10 improvements.

11 SECTION 9. Section 372.023, Local Government Code, is
12 amended by amending Subsections (a), (d), (e), and (g) and adding
13 Subsections (a-1) and (d-1) to read as follows:

14 (a) Costs of improvements may be paid or reimbursed by any
15 combination of the methods described by this section if the
16 improvements are dedicated, conveyed, leased, or otherwise
17 provided to or for the benefit of:

18 (1) a municipality or county;

19 (2) a political subdivision or other entity exercising
20 the powers granted under this subchapter as authorized by other
21 law; or

22 (3) an entity that:

23 (A) is approved by the governing body of an
24 entity described by Subdivision (1) or (2); and

25 (B) is authorized by order, ordinance,
26 resolution, or other official action to act for an entity described
27 by Subdivision (1) or (2) [~~The cost of an improvement made under~~

1 ~~this subchapter must be paid in accordance with this section].~~

2 (a-1) The payment or reimbursement may be provided before or
3 after a method of payment or reimbursement authorized by this
4 section is entered into or issued.

5 (d) Costs [~~A cost~~] payable from a special assessment that is
6 payable [~~to be paid~~] in installments may be paid by any combination
7 of the following methods [~~and a cost payable by the municipality or~~
8 ~~county as a whole but not payable from available general funds or~~
9 ~~other available general improvement funds shall be paid]:~~

10 (1) under an installment sales [~~sale~~] contract or a
11 reimbursement agreement between the municipality or county and
12 [~~with~~] the person who acquires, installs, or constructs the
13 improvements [~~contracts to install or construct the improvement for~~
14 ~~which the costs apply];~~

15 (2) as provided by a temporary note or time warrant
16 issued by the municipality or county and payable to the [~~reimburse~~
17 ~~a] person who acquires, installs, or constructs the improvements~~
18 [~~for money advanced or work performed in connection with an~~
19 ~~improvement]; or~~

20 (3) by the issuance and sale of [~~revenue or general~~
21 ~~obligation] bonds under Section 372.024.~~

22 (d-1) An installment sales contract, reimbursement
23 agreement, temporary note, or time warrant described by Subsection
24 (d) may be assigned by the payee without the consent of the
25 municipality or county.

26 (e) The [~~net effective] interest rate~~ [~~, as computed for a~~
27 ~~public security under Section 1204.005, Government Code,~~] on unpaid

1 amounts due under an installment sales contract, reimbursement
2 agreement, temporary note, or time warrant described by [~~money owed~~
3 ~~or paid under~~] Subsection (d):

4 (1) may not exceed, for a period of not more than five
5 years, as determined by the governing body of the municipality or
6 county, five [~~one half of one~~] percent above the highest average
7 index [~~interest~~] rate for tax-exempt bonds reported in a daily or
8 [~~by a newspaper in a~~] weekly bond index approved by the governing
9 body and reported in the month before the date the obligation was
10 incurred; and

11 (2) after the period described by Subdivision (1), may
12 not exceed two percent above the bond index rate described by
13 Subdivision (1) [~~of the contract or agreement or the issuance of the~~
14 ~~bond, temporary note, or time warrant. The newspaper must~~
15 ~~specialize in bonds and be acceptable as a reliable source for bond~~
16 ~~interest rates to the governing body of the municipality or county~~
17 ~~that enters into the contract or agreement or that issues the bond,~~
18 ~~temporary note, or time warrant~~].

19 (g) The cost of more than one improvement may be paid:

20 (1) from a single issue and sale of bonds without other
21 consolidation proceedings before the bond issue; or

22 (2) under a single installment sales contract,
23 reimbursement agreement, temporary note, or time warrant [~~an~~
24 ~~agreement with a person who contracts to install or construct the~~
25 ~~improvement and who sells the improvement to the municipality or~~
26 ~~county~~].

27 SECTION 10. Section 372.023(f), Local Government Code, is

1 repealed

2 SECTION 11. Section 372.024, Local Government Code, is
3 amended to read as follows:

4 Sec. 372.024. GENERAL OBLIGATION AND REVENUE BONDS.

5 ~~General~~(a) The governing body of a municipality or county may
6 issue:

7 (1) general obligation bonds ~~issued to pay costs under~~
8 ~~Section 372.023(d) must be issued under the provisions of~~ under
9 Subtitles A and C, Title 9, Government Code. ~~Revenue bonds issued~~
10 ~~to pay costs under that subsection may be issued from time to time~~
11 ~~in one or more series and are to be payable from and secured by liens~~
12 ~~on all or part of the revenue derived from improvements authorized~~
13 ~~under this subchapter;~~

14 (2) certificates of obligation under Subchapter C,
15 Chapter 271; and

16 (3) revenue bonds issued in one or more series.

17 (b) The bonds or obligations authorized by Subsection (a):

18 (1) shall be issued upon such terms as the governing
19 body of the municipality or county shall determine;

20 (2) may be issued to pay costs;

21 (3) may be issued to refund any bonds or obligations
22 entered into or issued under this subchapter (including ~~revenue~~
23 ~~derived from installment payments of special assessments.~~, but not
24 limited to, installment sales contracts; reimbursement agreements,
25 temporary notes, and time warrants); and

26 (4) may be payable from and secured by special
27 assessments.

1 (c) If bonds or obligations are issued for the purposes
2 described in Subsection (b)(3) and are secured wholly or partly by
3 special assessments, the lien created by the originally levied
4 special assessments shall continue uninterrupted as security for
5 the bonds or obligations.

6 SECTION 12. Section 372.026, Local Government Code, is
7 amended to add Subsection (g) to read as follows:

8 (g) If assessment revenue is being collected to pay an
9 installment sales contract, reimbursement agreement, temporary
10 note, or time warrant, the governing body of a municipality or
11 county may pledge all or any part of the assessment revenue being
12 collected as security for and to pay general obligation bonds,
13 certificates of obligation, or revenue bonds issued to refund the
14 installment sales contract, reimbursement agreement, temporary
15 note, or time warrant. The pledge authorized by this subsection
16 shall not constitute a reassessment or new assessment and shall not
17 affect the original lien of the pledged assessment which shall
18 continue uninterrupted.

19 SECTION 13. This Act takes effect immediately if it
20 receives a vote of two-thirds of all the members elected to each
21 house, as provided by Section 39, Article III, Texas Constitution.
22 If this Act does not receive the vote necessary for immediate
23 effect, this Act takes effect September 1, 2011.