

By: Anchia

H.B. No. 3452

A BILL TO BE ENTITLED

1 AN ACT

2 relating to improvement districts in municipalities and counties.

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

4 SECTION 1. Chapter 372.003(a), Local Government Code, is
5 amended to read as follows:

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

1 libraries;

2 (7) acquisition, construction, or improvement of
3 off-street parking facilities;

4 (8) acquisition, construction, improvement, or
5 rerouting of mass transportation facilities;

6 (9) acquisition, construction, or improvement of
7 water, wastewater, or drainage facilities or improvements;

8 (10) the establishment or improvement of parks;

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

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

13 (13) special supplemental services for improvement
14 and promotion of the district, including services relating to
15 advertising, promotion, health and sanitation, water and
16 wastewater, public safety, security, business recruitment,
17 development, recreation, and cultural enhancement;

18 (14) payment of expenses incurred in the
19 establishment, administration, and operation of the district
20 including the costs of operating and maintaining mass
21 transportation facilities financed with public improvement
22 district assessments; and

23 (15) the development, rehabilitation, or expansion of
24 affordable housing.

25 (c) A public improvement project may be limited to the
26 provision of the services described by Subsection (b)(13).

27 SECTION 2. Section 372, Local Government Code, is amended

1 by adding a new Subsection 372.0031 to read as follows:

2 Sec. 372.0031 VALUE CAPTURE AND COST. If the public
3 improvement project is to be financed through a deferred payment,
4 the governing body shall prepare an estimate of the appraised value
5 of the properties in the District and the cost of the improvement
6 before the improvement is constructed and before the hearing
7 provided by Section 372.009 is held.

8 SECTION 3. Sec. 372.005(a), Local Government Code, is
9 amended to read as follows: (a) A petition for the establishment
10 of a public improvement district must state:

11 (7) that the persons signing the petition request or
12 concur with the establishment of the district; ~~and~~

13 (8) that an advisory body may be established to
14 develop and recommend an improvement plan to the governing body of
15 the municipality or county; ~~and~~

16 (9) the estimated property value appreciation and the
17 proposed schedule for collecting the assessment, if a deferred
18 payment and collection method is to be used to finance the
19 improvements.

20 SECTION 4. Sec. 372.009(b) and (c), Local Government Code,
21 are amended to read as follows:

22 (b) The hearing may be adjourned from time to time until the
23 governing body makes findings by resolution as to:

24 (5) the method of assessment; ~~and~~

25 (6) the apportionment of costs between the district
26 and the municipality or county as a whole; ~~and~~

27 (7) the estimated property value appreciation and the

1 proposed schedule for collecting the assessment, if a deferred
2 payment and collection method is to be used to finance the
3 improvements.

4 (c) Notice of the hearing must be given in a newspaper of
5 general circulation in the municipality or county. If any part of
6 the improvement district is to be located in the municipality's
7 extraterritorial jurisdiction or if any part of the improvements is
8 to be undertaken in the municipality's extraterritorial
9 jurisdiction, the notice must also be given in a newspaper of
10 general circulation in the part of the extraterritorial
11 jurisdiction in which the district is to be located or in which the
12 improvements are to be undertaken. The final publication of notice
13 must be made before the 15th day before the date of the hearing. The
14 notice must state:

15 (5) the proposed method of assessment; ~~and~~

16 (6) the proposed apportionment of cost between the
17 improvement district and the municipality or county as a whole; ~~;~~
18 and

19 (7) the estimated property value appreciation and the
20 proposed schedule for collecting the assessment, if a deferred
21 payment and collection method is to be used to finance the
22 improvements.

23 SECTION 5. Sec. 372.013, Local Government Code, is amended
24 to read as follows:

25 (b) Except as provided by Subsection (c), ~~The~~ the plan must
26 cover a period of at least five years and must also define the
27 annual indebtedness and the projected costs for improvements. The

1 plan shall be reviewed and updated annually for the purpose of
2 determining the annual budget for improvements.

3 (c) If the public improvement project is to be financed
4 through a deferred payment and collection method, the plan shall
5 describe the total projected costs, the total indebtedness of the
6 improvement project, the estimated property value appreciation
7 attributable to improvements in the district and an estimated
8 collection schedule for the deferred assessments.

9 SECTION 6. Sec. 372.017 and 372.018, Local Government Code,
10 are amended to read as follows:

11 Sec. 372.017. LEVY OF ASSESSMENT. (a) At or on the
12 adjournment of the hearing referred to by Section 372.016 on
13 proposed assessments, the governing body of the municipality or
14 county must hear and pass on any objection to a proposed assessment.
15 The governing body may amend a proposed assessment on any parcel.

16 (b) After all objections have been heard and the governing
17 body has passed on the objections, the governing body by ordinance
18 or order shall levy the assessment as a special assessment on the
19 property. The governing body by ordinance or order shall specify
20 the method of payment of the assessment. The governing body may
21 provide that the payment of assessments be deferred to a specific
22 date or event in the future, or that payment be made ~~paid~~ in
23 periodic installments, at an interest rate and for a period
24 approved by the governing body. The provision that assessments be
25 paid in periodic installments may, but is not required to, result in
26 level annual installment payments. The installments must be in
27 amounts necessary to meet annual costs for improvements and must

1 continue for:

2 (1) the period necessary to retire the indebtedness on
3 the improvements; or

4 (2) the period approved by the governing body for the
5 payment of the installments.

6 Sec. 372.018. INTEREST ON ASSESSMENT; LIEN. (a) ~~An~~
7 ~~assessment bears interest~~ Interest shall accrue on the assessment
8 or any deferred assessment at the rate specified by the governing
9 body of the municipality or county beginning at the time or times or
10 on the occurrence of one or more events specified by the governing
11 body. If general obligation bonds, revenue bonds, time warrants,
12 or temporary notes are issued to finance the improvement for which
13 the assessment is assessed, the interest rate for that assessment
14 may not exceed a rate that is one-half of one percent higher than
15 the actual interest rate paid on the debt. Interest on the
16 assessment between the effective date of the ordinance or order
17 levying the assessment and the date the first installment is
18 payable shall be added to the first installment. The interest on
19 any delinquent installment shall be added to each subsequent
20 installment until all delinquent installments are paid.

21 (b) An assessment, deferred assessment, or reassessment,
22 with interest, the expense of collection, and reasonable attorney's
23 fees, if incurred, is:

24 (1) a first and prior lien against the property
25 assessed;

26 (2) superior to all other liens and claims except
27 liens or claims for state, county, school district, or municipality

1 ad valorem taxes; and

2 (3) a personal liability of and charge against the
3 owners of the property regardless of whether the owners are named.

4 (c) The lien is effective from the date of the ordinance or
5 order levying the assessment or deferred assessment until the
6 assessment is paid.

7 (d) The lien runs with the land and that portion of an
8 assessment payment that has not yet come due is not eliminated by
9 foreclosure of an ad valorem tax lien.

10 (e) The assessment lien may be enforced by the governing
11 body in the same manner that an ad valorem tax lien against real
12 property may be enforced by the governing body. Foreclosure of
13 accrued installments does not eliminate the outstanding principal
14 balance of the assessment. Any purchaser of the property in
15 foreclosure takes the property subject to the assessment lien and
16 any associated obligations.

17 (f) Delinquent installments of the assessment or deferred
18 assessment shall incur interest, penalties, and attorney's fees in
19 the same manner as delinquent ad valorem taxes. The owner of
20 assessed property may pay at any time all or any part of the
21 assessment, with interest that has accrued on the assessment, on
22 any lot or parcel.

23 (g) The assessment lien may be enforced by sale of the
24 property in the manner provided by law for the collection of ad
25 valorem taxes by the municipality.

26 SECTION 7. SUBCHAPTER B. IMPROVEMENT DISTRICTS IN
27 HOME-RULE MUNICIPALITIES, Sec. 372.041(a), Local Government Code,

1 is amended by adding a new subsection (4) to read as follows:

2 Sec. 372.041. AUTHORITY OF HOME-RULE MUNICIPALITY. (a) A
3 home-rule municipality may create improvement districts for the
4 purposes of:

5 (1) levying, straightening, widening, enclosing, or
6 otherwise improving a river, creek, bayou, stream, other body of
7 water, street, or alley;

8 (2) draining, grading, filling, and otherwise
9 protecting and improving the territory within the municipality's
10 limits; ~~and~~

11 (3) issuing bonds to finance improvements listed in
12 this subsection-; and

13 (4) financing any public improvement project
14 authorized by this chapter.

15 SECTION 8. This Act takes effect immediately if it receives
16 a vote of two-thirds of all the members elected to each house, as
17 provided by Section 39, Article III, Texas Constitution. If this
18 Act does not receive the vote necessary for immediate effect, this
19 Act takes effect September 1, 2011.