

**BILL ANALYSIS**

C.S.H.B. 1378  
By: Dutton  
Special Purpose Districts  
Committee Report (Substituted)

**BACKGROUND AND PURPOSE**

Currently, there is undeveloped land located within the City of Houston in Harris County. Interested parties have observed the need for public infrastructure and economic development in the area. C.S.H.B. 1378 seeks to create an improvement district with jurisdiction over this land in order to provide certain improvements, projects, and services for public use and benefit.

**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**

C.S.H.B. 1378 amends the Special District Local Laws Code to create the Harris County Improvement District No. 23 to provide certain improvements, projects, and services for public use and benefit. The bill provides for, among other provisions, the annexation of land, navigation district powers, and district coordination with and notice to the Greater East End Management District. The district's powers and duties include, subject to certain requirements, the authorization to issue obligations and impose assessments and property, maintenance and operation, and contract taxes. The district is prohibited from exercising the power of eminent domain.

**EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 1378 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

**INTRODUCED**

**HOUSE COMMITTEE SUBSTITUTE**

SECTION 1. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3910 to read as follows:  
CHAPTER 3910. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 23  
SUBCHAPTER A. GENERAL PROVISIONS  
Sec. 3910.001. DEFINITIONS. In this chapter:

SECTION 1. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3910 to read as follows:  
CHAPTER 3910. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 23  
SUBCHAPTER A. GENERAL PROVISIONS  
Sec. 3910.001. DEFINITIONS. In this chapter:

- (1) "Board" means the district's board of directors.
- (2) "City" means the City of Houston.
- (3) "County" means Harris County.
- (4) "Director" means a board member.
- (5) "District" means the Harris County Improvement District No. 23.

Sec. 3910.002. NATURE OF DISTRICT.

Sec. 3910.003. PURPOSE; DECLARATION OF INTENT. (a) The creation of the district is essential to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this chapter. By creating the district and in authorizing the city, the county, and other political subdivisions to contract with the district, the legislature has established a program to accomplish the public purposes set out in Section 52-a, Article III, Texas Constitution.

(b) The creation of the district is necessary to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public welfare in the district.

(c) This chapter and the creation of the district may not be interpreted to relieve the city or the county from providing the level of services provided as of the effective date of the Act enacting this chapter to the area in the district. The district is created to supplement and not to supplant city or county services provided in the district.

Sec. 3910.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

Sec. 3910.005. INITIAL DISTRICT TERRITORY.

Sec. 3910.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.

Sec. 3910.007. APPLICABILITY OF MUNICIPAL MANAGEMENT

- (1) "Board" means the district's board of directors.
- (2) "City" means the City of Houston.
- (3) "County" means Harris County.
- (4) "Director" means a board member.
- (5) "District" means the Harris County Improvement District No. 23.

(6) "East End district" means the Greater East End Management District created under Chapter 3807.

Sec. 3910.002. NATURE OF DISTRICT.

Sec. 3910.003. PURPOSE; DECLARATION OF INTENT. (a) The creation of the district is essential to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this chapter. By creating the district and in authorizing the city, the county, and other political subdivisions to contract with the district, the legislature has established a program to accomplish the public purposes set out in Section 52-a, Article III, Texas Constitution.

(b) The creation of the district is necessary to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public welfare in the district, and to accomplish the redevelopment of the land in the district.

(c) This chapter and the creation of the district may not be interpreted to relieve the city or the county from providing the level of services provided as of the effective date of the Act enacting this chapter to the area in the district. The district is created to supplement and not to supplant East End district, city, or county services provided in the district.

Sec. 3910.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

Sec. 3910.005. INITIAL DISTRICT TERRITORY.

Sec. 3910.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.

Sec. 3910.007. APPLICABILITY OF MUNICIPAL MANAGEMENT

DISTRICTS LAW.

Sec. 3910.008. CONSTRUCTION OF CHAPTER.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3910.051. GOVERNING BODY; TERMS. (a) The district is governed by a board of ~~seven~~ voting directors who serve staggered terms of four years, with ~~three or four~~ directors' terms expiring June 1 of each odd-numbered year.

(b) The board by resolution may change the number of voting directors on the board if the board determines that the change is in the best interest of the district. The board may not consist of fewer than 5 or more than 15 voting directors.

Sec. 3910.052. APPOINTMENT OF VOTING DIRECTORS.

Sec. 3910.053. NONVOTING DIRECTORS.

Sec. 3910.054. QUORUM.

Sec. 3910.055. COMPENSATION.

Sec. 3910.056. INITIAL VOTING DIRECTORS. (a) The initial board consists of the following voting directors:

<u>Pos. No.</u>	<u>Name of Director</u>
<u>1</u>	<u>Dan Lipnick</u>
<u>2</u>	<u>Hien Le</u>
<u>3</u>	<u>Ndukwe Kalu</u>
<u>4</u>	<u>Adam William</u>
<u>5</u>	<u>Kenady Davis</u>
<u>6</u>	<u>Cortney Cole</u>
<u>7</u>	<u>Jon Herbster</u>

(b) Of the initial directors, the terms of directors appointed for positions one through ~~four~~ expire June 1, 2015, and the terms of directors appointed for positions ~~five~~ through ~~seven~~ expire June 1, 2017.

(c) Section 3910.052 does not apply to this section.

(d) This section expires September 1, 2017.

SUBCHAPTER C. POWERS AND DUTIES

DISTRICTS LAW.

Sec. 3910.008. CONSTRUCTION OF CHAPTER.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3910.051. GOVERNING BODY; TERMS. (a) The district is governed by a board of ~~nine~~ voting directors who serve staggered terms of four years, with ~~four or five~~ directors' terms expiring June 1 of each odd-numbered year.

(b) The board by resolution may change the number of voting directors on the board if the board determines that the change is in the best interest of the district. The board may not consist of fewer than 5 or more than 15 voting directors.

Sec. 3910.052. APPOINTMENT OF VOTING DIRECTORS.

Sec. 3910.053. NONVOTING DIRECTORS.

Sec. 3910.054. QUORUM.

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<u>3</u>	<u>Ndukwe Kalu</u>
<u>4</u>	<u>Adam Williams</u>
<u>5</u>	<u>Kenady Davis</u>
<u>6</u>	<u>Jeremy Brown</u>
<u>7</u>	<u>Jon Herbster</u>
<u>8</u>	<u>Carver L. Henry</u>
<u>9</u>	<u>Charles McCloud</u>

(b) Of the initial directors, the terms of directors appointed for positions one through ~~five~~ expire June 1, 2015, and the terms of directors appointed for positions ~~six~~ through ~~nine~~ expire June 1, 2017.

(c) Section 3910.052 does not apply to this section.

(d) This section expires September 1, 2017.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3910.101. GENERAL POWERS AND DUTIES.

Sec. 3910.102. IMPROVEMENT PROJECTS AND SERVICES. The district may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service using any money available to the district, or contract with a governmental or private entity to provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement or service authorized under this chapter or Chapter 375, Local Government Code.

Sec. 3910.103. DEVELOPMENT CORPORATION POWERS.

Sec. 3910.104. NONPROFIT CORPORATION.

Sec. 3910.105. AGREEMENTS; GRANTS.

Sec. 3910.106. LAW ENFORCEMENT SERVICES.

Sec. 3910.107. MEMBERSHIP IN CHARITABLE ORGANIZATIONS.

Sec. 3910.108. ECONOMIC DEVELOPMENT.

Sec. 3910.109. PARKING FACILITIES.

Sec. 3910.110. ANNEXATION OF LAND.

Sec. 3910.111. NAVIGATION DISTRICT POWERS.

Sec. 3910.112. APPROVAL BY CITY.

No equivalent provision.

Sec. 3910.101. GENERAL POWERS AND DUTIES.

Sec. 3910.102. IMPROVEMENT PROJECTS AND SERVICES. Subject to Section 3910.113, the district may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service using any money available to the district, or contract with a governmental or private entity to provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement or service authorized under this chapter or Chapter 375, Local Government Code.

Sec. 3910.103. DEVELOPMENT CORPORATION POWERS.

Sec. 3910.104. NONPROFIT CORPORATION.

Sec. 3910.105. AGREEMENTS; GRANTS.

Sec. 3910.106. LAW ENFORCEMENT SERVICES.

Sec. 3910.107. MEMBERSHIP IN CHARITABLE ORGANIZATIONS.

Sec. 3910.108. ECONOMIC DEVELOPMENT.

Sec. 3910.109. PARKING FACILITIES.

Sec. 3910.110. ANNEXATION OF LAND.

Sec. 3910.111. NAVIGATION DISTRICT POWERS.

Sec. 3910.112. APPROVAL BY CITY.

Sec. 3910.113. COORDINATION WITH EAST END DISTRICT. In determining the improvement projects or services the district provides, the district shall coordinate its efforts with the efforts of the East End district to achieve governmental efficiency and avoid duplication of improvement projects or services. The district may not duplicate an improvement project or service that the East End district provides in the same territory.

Sec. 3910.113. NO EMINENT DOMAIN POWER.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

Sec. 3910.151. DISBURSEMENTS AND TRANSFERS OF MONEY.

Sec. 3910.152. MONEY USED FOR IMPROVEMENTS OR SERVICES.

Sec. 3910.153. PETITION REQUIRED FOR FINANCING SERVICES AND IMPROVEMENTS WITH ASSESSMENTS.

Sec. 3910.154. ASSESSMENTS; LIENS FOR ASSESSMENTS.

Sec. 3910.155. RESIDENTIAL PROPERTY NOT EXEMPT.

**No equivalent provision.**

Sec. 3910.156. TAX AND ASSESSMENT ABATEMENTS.

SUBCHAPTER E. TAXES AND BONDS

Sec. 3910.201. ELECTIONS REGARDING TAXES AND BONDS.

Sec. 3910.202. OPERATION AND MAINTENANCE TAX.

Sec. 3910.203. CONTRACT TAXES.

Sec. 3910.204. AUTHORITY TO

Sec. 3910.114. NO EMINENT DOMAIN POWER.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

Sec. 3910.151. DISBURSEMENTS AND TRANSFERS OF MONEY.

Sec. 3910.152. MONEY USED FOR IMPROVEMENTS OR SERVICES.

Sec. 3910.153. PETITION REQUIRED FOR FINANCING SERVICES AND IMPROVEMENTS WITH ASSESSMENTS.

Sec. 3910.154. ASSESSMENTS; LIENS FOR ASSESSMENTS.

Sec. 3910.155. RESIDENTIAL PROPERTY NOT EXEMPT.

Sec. 3910.156. NOTICE TO EAST END DISTRICT. The district shall send to the board of directors of the East End district notice of a hearing regarding an improvement project or service that is to be financed with assessments under this chapter. The district shall send the notice by certified mail, return receipt requested, or by another method determined by the board to provide adequate proof that the notice was timely mailed, not later than the 30th day before the date of the hearing. The notice must contain the information required by Section 375.115(b), Local Government Code.

Sec. 3910.157. TAX AND ASSESSMENT ABATEMENTS.

SUBCHAPTER E. TAXES AND BONDS

Sec. 3910.201. ELECTIONS REGARDING TAXES AND BONDS.

Sec. 3910.202. OPERATION AND MAINTENANCE TAX.

Sec. 3910.203. CONTRACT TAXES.

Sec. 3910.204. AUTHORITY TO

BORROW MONEY AND TO ISSUE BONDS AND OTHER OBLIGATIONS.

Sec. 3910.205. TAXES FOR BONDS.

Sec. 3910.206. CITY NOT REQUIRED TO PAY DISTRICT OBLIGATIONS.

SECTION 2. Establishes the initial boundaries for the Harris County Improvement District No. 23.

SECTION 3. (a) The legal notice of the intention to introduce this Act, setting forth the general substance of this Act, has been published as provided by law, and the notice and a copy of this Act have been furnished to all persons, agencies, officials, or entities to which they are required to be furnished under Section 59, Article XVI, Texas Constitution, and Chapter 313, Government Code.

(b) The governor, one of the required recipients, has submitted the notice and Act to the Texas Commission on Environmental Quality.

(c) The Texas Commission on Environmental Quality has filed its recommendations relating to this Act with the governor, lieutenant governor, and speaker of the house of representatives within the required time.

(d) The general law relating to consent by political subdivisions to the creation of districts with conservation, reclamation, and road powers and the inclusion of land in those districts has been complied with.

(e) All requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act have been fulfilled and accomplished.

SECTION 4. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

BORROW MONEY AND TO ISSUE BONDS AND OTHER OBLIGATIONS.

Sec. 3910.205. TAXES FOR BONDS.

Sec. 3910.206. CITY NOT REQUIRED TO PAY DISTRICT OBLIGATIONS.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.

SECTION 4. Same as introduced version.

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