

BILL ANALYSIS

C.S.H.B. 3914
By: Sanford
Special Purpose Districts
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties have expressed the need for a municipal management district in the City of Celina. C.S.H.B. 3914 seeks to address this need.

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. 3914 amends the Special District Local Laws Code to create the Old Celina Municipal Management District No. 1 to provide certain improvements, projects, and services for public use and benefit. The bill provides for, among other provisions, the form of approval of the City of Celina for certain district actions, certain water district powers, certain road project powers, public improvement district powers, contract powers, addition or removal of territory, location of an improvement project, city requirements for an improvement project, additional city powers regarding improvement projects, and dissolution of the district. The district's powers and duties include certain authorization to issue obligations and impose assessments. The district is prohibited from constructing, acquiring, maintaining, or operating a toll road or mass transit system; from exercising the power of eminent domain; from imposing an impact fee; and from imposing a property tax.

EFFECTIVE DATE

September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3914 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 3919 to read as follows:

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CHAPTER 3919. OLD CELINA MUNICIPAL MANAGEMENT DISTRICT NO. 1

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SUBCHAPTER A. GENERAL

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PROVISIONS

Sec. 3919.001. DEFINITIONS.

Sec. 3919.002. CREATION AND NATURE OF DISTRICT.

Sec. 3919.003. PURPOSE; LEGISLATIVE FINDINGS.

Sec. 3919.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

Sec. 3919.005. INITIAL DISTRICT TERRITORY.

Sec. 3919.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.

Sec. 3919.007. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICT LAW.

Sec. 3919.008. FORM OF CITY APPROVAL.

Sec. 3919.009. CONSTRUCTION OF CHAPTER.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3919.051. GOVERNING BODY; TERMS. (a) The district is governed by a board of five directors composed of:
(1) three directors appointed by the governing body of the city;
(2) the city manager; and
(3) the city's chief financial officer.
(b) Appointed directors serve staggered terms of four years, with one or two directors' terms expiring May 31 of each even-numbered year.

Sec. 3919.052. QUALIFICATIONS OF DIRECTOR. (a) Sections 375.063 and 375.072(a) and (c), Local Government Code, do not apply to a director.
(b) Section 49.052, Water Code, does not apply to the district.
(c) Notwithstanding any other law:
(1) an officer or employee of the city may serve as a director of the district;
(2) a member of the governing body of the city may serve as a director of the district;

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Sec. 3919.003. PURPOSE; LEGISLATIVE FINDINGS.

Sec. 3919.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

Substantially the same as introduced version.

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(b) Directors serve staggered terms of four years, with two or three directors' terms expiring May 31 of each even-numbered year.

No equivalent provision.

and

(3) a person who qualifies to serve as a director is qualified to participate in all votes pertaining to the business of the district.

Sec. 3919.053. VACANCY.

Sec. 3919.054. DIRECTOR'S OATH OR AFFIRMATION.

Sec. 3919.055. OFFICERS. The board shall elect from among the directors a chair, a vice chair, and a secretary.

Sec. 3919.056. COMPENSATION; EXPENSES. (a) The district shall compensate as provided by Section 49.060, Water Code, each director who is not a member of the governing body of the city or an employee of the city.

(b) A director is entitled to reimbursement for necessary and reasonable expenses incurred in carrying out the duties and responsibilities of a director.

Sec. 3919.057. LIABILITY INSURANCE.

Sec. 3919.058. BOARD MEETINGS.

Sec. 3919.059. REMOVAL OF DIRECTORS. The governing body of the city may remove a director appointed under Section 3919.051(a)(1).

Sec. 3919.060. INITIAL DIRECTORS. (a) The initial board consists of the following directors:

- (1) Mike Forman, city manager;
- (2) Jay Toutouchian, city chief financial officer; and
- (3) three directors appointed by the governing body of the city.

(b) Of the initial directors, the term of one director appointed under Subsection (a)(3) expires May 31, 2016, and the terms of the other two directors appointed under Subsection (a)(3) expire May 31, 2014.

(c) The governing body of the city shall determine which director's term expires May 31, 2016, and which directors' terms expire May 31, 2014.

(d) This section expires September 1, 2016.

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Sec. 3919.056. LIABILITY INSURANCE.

Sec. 3919.057. BOARD MEETINGS.

Sec. 3919.058. REMOVAL OF DIRECTORS. The governing body of the city may remove a director appointed under Section 3919.051(a) at any time for cause or at will.

Sec. 3919.059. INITIAL DIRECTORS. (a) The initial board consists of five directors appointed by the governing body of the city.

(b) Of the initial directors, the terms of two directors expire May 31, 2016, and the terms of three directors expire May 31, 2014.

(c) The governing body of the city shall determine which directors' terms expire May 31, 2016, and which directors' terms expire May 31, 2014.

(d) This section expires September 1, 2016.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3919.101. GENERAL POWERS AND DUTIES.

Sec. 3919.102. IMPROVEMENT PROJECTS.

Sec. 3919.103. WATER DISTRICT POWERS.

Sec. 3919.104. ROAD PROJECT POWERS; LIMITATION.

Sec. 3919.105. PUBLIC IMPROVEMENT DISTRICT POWERS.

Sec. 3919.106. CONTRACT POWERS.

Sec. 3919.107. LIMITATIONS ON EMERGENCY SERVICES POWERS.

Sec. 3919.108. ECONOMIC DEVELOPMENT.

Sec. 3919.109. ADDING OR REMOVING TERRITORY.

Sec. 3919.110. NO TOLL ROADS OR MASS TRANSIT.

Sec. 3919.111. NO EMINENT DOMAIN POWER.

SUBCHAPTER C-1. IMPROVEMENT PROJECTS AND SERVICES

Sec. 3919.151. IMPROVEMENT PROJECTS AND SERVICES.

Sec. 3919.152. BOARD DETERMINATION REQUIRED.

Sec. 3919.153. LOCATION OF IMPROVEMENT PROJECT.

Sec. 3919.154. CITY REQUIREMENTS.

Sec. 3919.155. ADDITIONAL CITY POWERS REGARDING IMPROVEMENT PROJECTS.

Sec. 3919.156. IMPROVEMENT PROJECT AND SERVICE IN

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Sec. 3919.103. WATER DISTRICT POWERS.

Sec. 3919.104. ROAD PROJECT POWERS; LIMITATION.

Sec. 3919.105. PUBLIC IMPROVEMENT DISTRICT POWERS.

Sec. 3919.106. CONTRACT POWERS.

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Sec. 3919.155. ADDITIONAL CITY POWERS REGARDING IMPROVEMENT PROJECTS.

Sec. 3919.156. IMPROVEMENT PROJECT AND SERVICE IN

DEFINABLE AREA.

Sec. 3919.157. CONTRACTS. .

SUBCHAPTER D. DIVISION OF DISTRICT INTO MULTIPLE DISTRICTS

Sec. 3919.201. DIVISION OF DISTRICT; PREREQUISITE. The district, including territory added to the district under Section 3919.109, may be divided into two or more new districts only if the district has no outstanding bonded debt.

Sec. 3919.202. LAW APPLICABLE TO NEW DISTRICT. This chapter applies to any new district created by division of the district, and a new district has all the powers and duties of the district.

Sec. 3919.203. DIVISION PROCEDURES.

(a) The board, on its own motion or on receipt of a petition signed by an owner of real property in the district, may adopt an order proposing to divide the district.

(b) The board may not divide the district unless the division is approved by the city. The resolution or ordinance approving the division may set terms for the division under Subsection (c).

(c) If the board decides to divide the district, the board shall, subject to the city's resolution or ordinance:

(1) set the terms of the division, including names for the new districts and a plan for the payment or performance of any outstanding district obligations;

(2) prepare a metes and bounds description for each proposed district; and

(3) appoint initial directors for each new district.

Sec. 3919.204. NOTICE AND RECORDING OF ORDER. Not later than the 30th day after the date of an order dividing the district, the district shall:

(1) file the order with the Texas Commission on Environmental Quality; and

(2) record the order in the real property records of the county.

Sec. 3919.205. CONTRACT AUTHORITY OF NEW DISTRICTS. (a) Except as provided by Subsection (b), the new districts may contract with each other for any matter

DEFINABLE AREA.

Sec. 3919.157. CONTRACTS.

No equivalent provision.

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the boards of the new districts consider appropriate, including the joint construction or financing of a utility improvement and the joint financing of a maintenance obligation.

(b) The new districts may not contract with each other for water and wastewater services.

SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

Sec. 3919.251. DISBURSEMENTS AND TRANSFERS OF MONEY.

Sec. 3919.252. MONEY USED FOR IMPROVEMENTS OR SERVICES.

Sec. 3919.253. BORROWING MONEY; OBLIGATIONS.

Sec. 3919.254. ASSESSMENTS.

Sec. 3919.255. NOTICE OF ASSESSMENTS. (a)

The board shall annually file written notice with the secretary of the city that specifies the assessments the district will impose in the district's next fiscal year in sufficient clarity to describe the assessments for the operation and maintenance of the district and the assessments for the payment of debt service of obligations issued or incurred by the district.

(b) The board shall annually record in the deed records of the county a current assessment roll approved by the city.

(c) The assessment roll must clearly state that the assessments in the assessment roll are in addition to the ad valorem taxes imposed by other political subdivisions that tax real property in the district.

(d) The district shall generate and implement a program to provide notice modeled on the notice described by Section 49.452(c), Water Code, to a prospective purchaser of property in the district of the assessments that have been approved and are imposed by the district.

Sec. 3919.256. RESIDENTIAL PROPERTY NOT EXEMPT.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

Sec. 3919.201. DISBURSEMENTS AND TRANSFERS OF MONEY.

Sec. 3919.202. MONEY USED FOR IMPROVEMENTS OR SERVICES.

Sec. 3919.203. BORROWING MONEY; OBLIGATIONS.

Sec. 3919.204. ASSESSMENTS.

Sec. 3919.205. NOTICE OF ASSESSMENTS. (a)

Not later than the 30th day before the date the board imposes an annual assessment, the board shall file written notice with the secretary of the city that specifies the assessments the district will impose in the district's next fiscal year in sufficient clarity to describe the assessments for the operation and maintenance of the district and the assessments for the payment of debt service of obligations issued or incurred by the district.

(b) The board shall annually record in the deed records of the county a current assessment roll approved by the city.

(c) The assessment roll must clearly state that the assessments in the assessment roll are in addition to the ad valorem taxes imposed by other political subdivisions that tax real property in the district.

(d) The district shall generate and implement a program to provide notice modeled on the notice described by Section 49.452(c), Water Code, to a prospective purchaser of property in the district of the assessments that have been approved and are imposed by the district.

Sec. 3919.206. RESIDENTIAL PROPERTY NOT EXEMPT.

Sec. 3919.257. NO IMPACT FEES.

Sec. 3919.258. NO AD VALOREM TAX.

SUBCHAPTER F. DISSOLUTION

Sec. 3919.301. DISSOLUTION BY CITY.

Sec. 3919.302. COLLECTION OF ASSESSMENTS AND OTHER REVENUE.

Sec. 3919.303. ASSUMPTION OF ASSETS AND LIABILITIES.

SECTION 2. Establishes initial boundaries for the Old Celina Municipal Management District No. 1.

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) 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 September 1, 2013.

Sec. 3919.207. NO IMPACT FEES.

Sec. 3919.208. NO AD VALOREM TAX.

SUBCHAPTER E. DISSOLUTION

Sec. 3919.251. DISSOLUTION BY CITY.

Sec. 3919.252. COLLECTION OF ASSESSMENTS AND OTHER REVENUE.

Sec. 3919.253. ASSUMPTION OF ASSETS AND LIABILITIES.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.

SECTION 4. Same as introduced version.