

BILL ANALYSIS

C.S.H.B. 2259
By: Isaac
Special Purpose Districts
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties note there is a need for the Driftwood Economic Development Municipal Management District to tailor certain concepts in Local Government Code provisions relating to municipal management districts in general to the unique characteristics of the Driftwood Economic Development Municipal Management District and to update certain provisions of the district's creation statute to conform to the practical realities within the district. C.S.H.B. 2259 seeks to address such needs.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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. 2259 amends the Special District Local Laws Code to change the qualifications for one of the positions on the board of directors of the Driftwood Economic Development Municipal Management District from being the individual who owns more property in the district than any other individual to being the individual, the designee of the individual, or the designee of the entity that owns more property in the district than any other individual or entity. The bill excludes the district from Local Government Code provisions relating to the qualifications of a person serving on the board of directors of a municipal management district and to the limits on a director's authority to vote on certain matters. The bill authorizes an official or employee of a public entity to serve on the district's board and establishes that the common law doctrine of incompatibility does not disqualify an official or employee of a public entity from serving as a director. The bill establishes that a person appointed to serve on the board is qualified to serve as a director and participate in all votes pertaining to the business of the district regardless of any other statutory provision to the contrary. The bill authorizes a director to participate in discussion and vote on an action even if the director has a beneficial interest in a business entity that will receive a pecuniary benefit from the action or if the director is an official or employee of a public entity and the action relates to assessments on or contracts with the public entity.

C.S.H.B. 2259 expands the types of improvement projects or services or activities that the district is authorized to provide to include an animal habitat; water, wastewater, or drainage facilities or services; and a rainwater collection and harvesting system. The bill authorizes the district to engage in activities that accomplish the economic development purposes of the district. The bill authorizes the district to establish and provide for the administration of one or more programs to promote state or local economic development and to stimulate business and

commercial activity in the district, including programs to make loans and grants of public money and to provide district personnel and services. The bill authorizes the district to create economic development programs and exercise the economic development powers that the Local Government Code provides to a municipality. The bill includes administering or operating any service provided by the district among the purposes for which the district may adopt and enforce rules. The bill repeals the prohibition against the district issuing bonds and instead authorizes the district, subject to certain requirements, to issue obligations.

C.S.H.B. 2259 repeals, effective January 1, 2016, a statutory provision conditioning the board's authority to impose a tax on residential property in the district on the district's revenue requirements not being satisfied by the other taxes imposed by the board. The bill specifies that this repeal is applicable only to property taxes imposed for a property tax year that begins on or after January 1, 2016.

C.S.H.B. 2259 repeals the following provisions of the Special District Local Laws Code:

- Section 3858.152
- Section 3858.153(c)

EFFECTIVE DATE

Except as otherwise provided, September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2259 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED	HOUSE COMMITTEE SUBSTITUTE
SECTION 1. Section 3858.052, Special District Local Laws Code, is amended.	SECTION 1. Same as introduced version.
SECTION 2. Subchapter B, Chapter 3858, Special District Local Laws Code, is amended.	SECTION 2. Same as introduced version.
SECTION 3. Section 3858.102(a), Special District Local Laws Code, is amended to read as follows: (a) The district may provide, or it may enter into contracts with a governmental or private entity to provide, the following types of improvement projects <u>or services</u> or activities in support of or incidental to those projects <u>or services</u> : (1) the planning, design, construction, improvement, operation, and maintenance of: (A) irrigation facilities and landscaping; (B) highway right-of-way or transit corridor beautification and improvement;	SECTION 3. Section 3858.102(a), Special District Local Laws Code, is amended to read as follows: (a) The district may provide, or it may enter into contracts with a governmental or private entity to provide, the following types of improvement projects <u>or services</u> or activities in support of or incidental to those projects <u>or services</u> : (1) the planning, design, construction, improvement, operation, and maintenance of: (A) irrigation facilities and landscaping; (B) highway right-of-way or transit corridor beautification and improvement;

(C) lighting, banners, and signs;
 (D) a street or sidewalk;
 (E) a hiking or cycling path or trail;
 (F) a park, lake, garden, recreational facility, sports facility, open space, scenic area, animal habitat, or related exhibit or preserve;
 (G) a fountain, plaza, or pedestrian mall;
 (H) a drainage or storm-water detention improvement;
 (I) a wastewater treatment and disposal facility;
 (J) water, wastewater, or drainage facilities or services;
 (K) a water quality protection facility;
 (L) [~~(K)~~] a facility to enhance groundwater recharge, including a rainwater collection and harvesting system;
 (M) [~~(L)~~] an alternative energy facility; [∅] (N) [~~(M)~~] solid waste management services, including garbage collection, recycling, and composting; or
 (O) telecommunications facilities or services;
 (2) the planning, design, construction, acquisition, lease, rental, improvement, maintenance, installation, and management of and provision of furnishings for a facility for:
 (A) a conference, convention, or exhibition;
 (B) a manufacturer, consumer, or trade show;
 (C) a civic, community, or institutional event; or
 (D) an exhibit, display, attraction, special event, or seasonal or cultural celebration or holiday; or
 (3) a special or supplemental service for the improvement and promotion of the district or for the protection of public health and safety in the district, including:
 (A) advertising;
 (B) promotion;
 (C) tourism;
 (D) health and sanitation;
 (E) public safety;
 (F) security;
 (G) fire protection or emergency medical services;
 (H) business recruitment;
 (I) development;
 (J) elimination of traffic congestion;
 (K) recreational, educational, or cultural improvements, enhancements, and services;
 [∅]

(C) lighting, banners, and signs;
 (D) a street or sidewalk;
 (E) a hiking or cycling path or trail;
 (F) a park, lake, garden, recreational facility, sports facility, open space, scenic area, animal habitat, or related exhibit or preserve;
 (G) a fountain, plaza, or pedestrian mall;
 (H) a drainage or storm-water detention improvement;
 (I) a wastewater treatment and disposal facility;
 (J) water, wastewater, or drainage facilities or services;
 (K) a water quality protection facility;
 (L) [~~(K)~~] a facility to enhance groundwater recharge, including a rainwater collection and harvesting system;
 (M) [~~(L)~~] an alternative energy facility; or
 (N) [~~(M)~~] solid waste management services, including garbage collection, recycling, and composting;
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 (G) fire protection or emergency medical services;
 (H) business recruitment;
 (I) development;
 (J) elimination of traffic congestion;
 (K) recreational, educational, or cultural improvements, enhancements, and services;
 [∅]

(L) water, wastewater, or drainage facilities or services;
(M) telecommunications facilities or services; or
(N) any similar public improvement, facility, or service.

SECTION 4. Subchapter C, Chapter 3858, Special District Local Laws Code, is amended.

SECTION 5. Section 3858.104(a), Special District Local Laws Code, is amended.

No equivalent provision.

No equivalent provision.

SECTION 6. (a) Section 3858.153(c), Special District Local Laws Code, is repealed.
(b) This section takes effect January 1, 2016.

SECTION 7. The repeal by this Act of Section 3858.153(c), Special District Local Laws Code, applies only to ad valorem taxes that are imposed for an ad valorem tax year that begins on or after January 1, 2016.

No equivalent provision.

(L) water, wastewater, or drainage facilities or services; or
(M) any similar public improvement, facility, or service.

SECTION 4. Same as introduced version.

SECTION 5. Same as introduced version.

SECTION 6. Subchapter D, Chapter 3858, Special District Local Laws Code, is amended by adding Section 3858.1521 to read as follows:
Sec. 3858.1521. BONDS AND OTHER OBLIGATIONS. (a) The district may issue bonds, notes, or other obligations payable wholly or partly from ad valorem taxes, assessments, impact fees, revenue, contract payments, grants, or other district money for any purpose authorized by this chapter.
(b) Notwithstanding Subsection (a), ad valorem taxes may be pledged only to pay bonds, notes, or other obligations that are issued by the district for purposes authorized under Sections 52 and 52-a, Article III, or Section 59, Article XVI, Texas Constitution.

SECTION 7. Section 3858.152, Special District Local Laws Code, is repealed.

SECTION 8. Same as introduced version.

SECTION 9. Same as introduced version.

SECTION 10. (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 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 are fulfilled and accomplished.

SECTION 8. Except as otherwise provided by this Act, this Act takes effect September 1, 2015.

SECTION 11. Same as introduced version.