

BILL ANALYSIS

C.S.H.B. 3097
By: Paul
Special Purpose Districts
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that certain municipal management districts created to improve blighted areas collect very high taxes and disproportionately high fees, calling into question the governance and operations of such districts. C.S.H.B. 3097 seeks to correct some of these issues.

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. 3097 amends the Local Government Code to remove, as an alternative to the requirement for a petition to create a municipal management district to be signed by the owners of a majority of the assessed value of the real property in the proposed district, according to the most recent certified county property tax rolls, the option of having such petition signed by 50 persons who own real property in the district if, according to the most recent certified county property tax rolls, more than 50 persons own real property in the district. The bill adds a condition on that requirement that the applicable property be property that would be subject to assessment by the district. The bill removes from the list of required qualifications for service as a director of a municipal management district residency in the district. The bill's changes to the director qualifications expressly do not affect the entitlement of a member serving on the board of directors of a district to which the law applies immediately before the bill's effective date to continue to carry out the board's functions for the remainder of the member's term. The bill authorizes the owners of a majority of the assessed value of property subject to assessment by a district to recommend to the governing body of the applicable municipality persons to serve on the district's board of directors.

C.S.H.B. 3097 conditions a municipal management district's authority to acquire, construct, complete, develop, own, operate, and maintain permanent improvements and provide services inside or outside the district's boundaries on the improvements and services benefiting property in the district. The bill removes as an alternative to the requirement for a petition to request a district service or improvement project to be signed by the owners of a majority of the assessed value of the property in the district subject to assessment, according to the most recent certified county property tax rolls, the option of having such petition signed by the owners of 50 percent or more of the surface area of the district. The bill adds as an alternative to that requirement, applicable only to a proposed assessment to be apportioned equally by front foot or by square foot of land area against all property in the district, the option of having the petition signed by

the owners of a majority of the surface area of the real property subject to assessment by the district, according to the most recent certified county property tax rolls.

C.S.H.B. 3097 removes as an alternative to the requirement for a petition to call a bond election to be signed by the owners of a majority of the assessed value of the property in the district, as determined from the most recent certified county property tax rolls, the option of having such petition signed by the owners of 50 percent or more of the surface area of the district. The bill adds a condition on that requirement that the applicable property be subject to assessment or taxation by the district. The bill changes the property owners who may file a binding petition to dissolve a district from the owners of 75 percent or more of the assessed value of the property in the district or of the surface area of the district to the owners of at least two-thirds of the assessed value of the property subject to assessment or taxation by the district.

C.S.H.B. 3097 amends the Special District Local Laws Code to make a conforming change.

EFFECTIVE DATE

September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3097 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

SECTION 1. Section 375.022(b), Local Government Code, is amended to read as follows:

(b) The petition must be signed by[~~;~~
[~~(1)~~] the owners of a majority of the assessed value of the real property in the proposed district, according to the most recent certified county property tax rolls[~~;~~~~or~~

[~~(2)~~ 50 persons who own real property in the proposed district if, according to the most recent certified county property tax rolls, more than 50 persons own real property in the proposed district].

SECTION 2. Section 375.063, Local Government Code, is amended to read as follows:

Sec. 375.063. QUALIFICATIONS OF DIRECTOR. To be qualified to serve as a director, a person must be at least 18 years old and:

- (1) [~~a resident of the district;~~
- [~~(2)~~] an owner of property in the district;
- (2) [~~(3)~~] an owner of stock, whether beneficial or otherwise, of a corporate owner of property in the district; or

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 375.022(b), Local Government Code, is amended to read as follows:

(b) The petition must be signed by[~~;~~
[~~(1)~~] the owners of a majority of the assessed value of the real property in the proposed district that would be subject to assessment by the district, according to the most recent certified county property tax rolls[~~;~~~~or~~

[~~(2)~~ 50 persons who own real property in the proposed district if, according to the most recent certified county property tax rolls, more than 50 persons own real property in the proposed district].

SECTION 2. Section 375.063, Local Government Code, is amended to read as follows:

Sec. 375.063. QUALIFICATIONS OF DIRECTOR. To be qualified to serve as a director, a person must be at least 18 years old and:

- (1) [~~a resident of the district;~~
- [~~(2)~~] an owner of property in the district;
- (2) [~~(3)~~] an owner of stock, whether beneficial or otherwise, of a corporate owner of property in the district;

~~(3) [(4)] an owner of a beneficial interest in a trust that owns property in the district; or
[(5) an agent, employee, or tenant of a person covered by Subdivision (2), (3), or (4)].~~

SECTION 3. The heading to Section 375.064, Local Government Code, is amended to read as follows:

Sec. 375.064. APPOINTMENT OF DIRECTORS ~~[RECOMMENDATIONS FOR SUCCEEDING BOARD]~~.

SECTION 4. Section 375.064(a), Local Government Code, is amended to read as follows:

(a) Except as provided by Section 375.026, the governing body of the municipality shall appoint directors from persons recommended by the owners of a majority of the assessed value of property in the district ~~[The initial and each succeeding board of directors shall recommend to the governing body of the municipality persons to serve on the succeeding board].~~

SECTION 5. Section 375.092(f), Local Government Code, is amended to read as follows:

(f) A district may acquire, construct, complete, develop, own, operate, and maintain permanent improvements and provide services only inside ~~[and outside]~~ its boundaries.

SECTION 6. Section 375.111, Local Government Code, is amended to read as follows:

Sec. 375.111. GENERAL POWERS

~~(3) [(4)] an owner of a beneficial interest in a trust that owns property in the district; or
(4) [(5)] an agent, employee, or tenant of a person covered by Subdivision (1), (2), or (3); or (4)].~~

No equivalent provision.

SECTION 3. Sections 375.064(a), (b), and (c), Local Government Code, are amended to read as follows:

(a) The initial and each succeeding board of directors shall, and the owners of a majority of the assessed value of property subject to assessment by the district may, recommend to the governing body of the municipality persons to serve on the succeeding board.

(b) After reviewing the recommendations, the governing body shall approve or disapprove the directors recommended under Subsection (a) ~~[by the board]~~.

(c) If the governing body is not satisfied with the recommendations submitted under Subsection (a) ~~[by the board]~~, the board, on the request of the governing body, shall submit to the governing body additional recommendations.

SECTION 4. Section 375.092(f), Local Government Code, is amended to read as follows:

(f) A district may acquire, construct, complete, develop, own, operate, and maintain permanent improvements and provide services that benefit property in the district, regardless of whether the improvements or services are located inside or ~~[and]~~ outside its boundaries.

No equivalent provision.

RELATING TO ASSESSMENTS. In addition to the powers provided by Subchapter E, the board of a district may undertake improvement projects and services that confer a special benefit on all or a definable part of the district. The board may levy and collect special assessments on property in that area, based on the benefit conferred by the improvement project or services, to pay all or part of the cost of the project and services. ~~The [If the board determines that there is a benefit to the district, the]~~ district may not provide improvements and services to an area outside the boundaries of the district.

SECTION 7. Section 375.114, Local Government Code, is amended to read as follows:

Sec. 375.114. PETITION REQUIRED. The board may not finance services and improvement projects under this chapter unless a written petition has been filed with the board requesting those improvements or services signed by:

~~[(1)]~~ the owners of a majority ~~[50 percent or more]~~ of the assessed value of the property in the district subject to assessment, according to the most recent certified county property tax rolls~~;~~ or

~~[(2)]~~ the owners of 50 percent or more of the surface area of the district, excluding roads, streets, highways, and utility rights-of-way, other public areas, and any other property exempt from assessment under Section 375.162 or 375.163, according to the most recent certified county property tax rolls.

SECTION 8. Section 375.208, Local Government Code, is amended to read as follows:

Sec. 375.208. COMMISSION APPROVAL. A district must obtain approval of the commission as provided by Chapter 54, Water Code, if it issues bonds to provide water, sewage, or drainage facilities. Except as expressly provided by this section and Section ~~[Sections]~~ 375.062 ~~[and 375.064]~~, a district is not subject to the

SECTION 5. Section 375.114, Local Government Code, is amended to read as follows:

Sec. 375.114. PETITION REQUIRED. The board may not finance services and improvement projects under this chapter unless a written petition has been filed with the board requesting those improvements or services signed by:

(1) the owners of a majority ~~[50 percent or more]~~ of the assessed value of the property in the district subject to assessment, according to the most recent certified county property tax rolls; or

(2) for a proposed assessment to be apportioned under Section 375.119(1), the owners of a majority ~~[50 percent or more]~~ of the surface area of the real property subject to assessment by the district, [excluding roads, streets, highways, and utility rights-of-way, other public areas, and any other property exempt from assessment under Section 375.162 or 375.163,] according to the most recent certified county property tax rolls.

No equivalent provision.

jurisdiction of the commission.

SECTION 9. Section 375.243, Local Government Code, is amended to read as follows:

Sec. 375.243. PETITION REQUIRED FOR BOND ELECTION. The board may not call a bond election unless a written petition has been filed with the board requesting an election signed by the owners of a majority[:

~~[(1) 50 percent or more]~~ of the assessed value of the property in the district as determined from the most recent certified county property tax rolls[:~~or~~

~~[(2) 50 percent or more of the surface area of the district, excluding roads, streets, highways, utility rights of way, other public areas, and other property exempt from assessment under Sections 375.161, 375.163, and 375.164 as determined from the most recent certified county property tax rolls].~~

SECTION 10. Section 375.262, Local Government Code, is amended to read as follows:

Sec. 375.262. DISSOLUTION BY PETITION BY OWNERS. Except as limited by Section 375.264, the board shall dissolve the district on written petition filed with the board by the owners of a majority[:

~~[(1) 75 percent or more]~~ of the assessed value of the property in the district based on the most recent certified county property tax rolls[:~~or~~

~~[(2) 75 percent or more of the surface area of the district, excluding roads, streets, highways, utility rights of way, other public areas, and other property exempt from assessment under Sections 375.161, 375.163, and 375.164, according to the most recent certified county property tax rolls].~~

SECTION 11. Section 382.052(b), Local Government Code, is amended.

SECTION 12. Section 3855.052(b), Special

SECTION 6. Section 375.243, Local Government Code, is amended to read as follows:

Sec. 375.243. PETITION REQUIRED FOR BOND ELECTION. The board may not call a bond election unless a written petition has been filed with the board requesting an election signed by the owners of a majority[:

~~[(1) 50 percent or more]~~ of the assessed value of the property subject to assessment or taxation by in the district as determined from the most recent certified county property tax rolls[:~~or~~

~~[(2) 50 percent or more of the surface area of the district, excluding roads, streets, highways, utility rights of way, other public areas, and other property exempt from assessment under Sections 375.161, 375.163, and 375.164 as determined from the most recent certified county property tax rolls].~~

SECTION 7. Section 375.262, Local Government Code, is amended to read as follows:

Sec. 375.262. DISSOLUTION BY PETITION BY OWNERS. Except as limited by Section 375.264, the board shall dissolve the district on written petition filed with the board by the owners of at least two-thirds [:

~~[(1) 75 percent or more]~~ of the assessed value of the property subject to assessment or taxation by in the district based on the most recent certified county property tax rolls[:~~or~~

~~[(2) 75 percent or more of the surface area of the district, excluding roads, streets, highways, utility rights of way, other public areas, and other property exempt from assessment under Sections 375.161, 375.163, and 375.164, according to the most recent certified county property tax rolls].~~

SECTION 8. Same as introduced version.

SECTION 9. Same as introduced version.

District Local Laws Code, is amended.

SECTION 13. Sections 375.064(b), (c), and (e), Local Government Code, are repealed.

SECTION 14. (a) The change in law made by this Act to Section 375.063, Local Government Code, does not affect the entitlement of a member serving on the board of directors of a district to which that section applies immediately before the effective date of this Act to continue to carry out the board's functions for the remainder of the member's term. The change in law applies only to a member appointed on or after the effective date of this Act.

(b) The changes in law made by this Act to Sections 375.092(f) and 375.111, Local Government Code, do not affect the terms of a contract entered into before the effective date of this Act, except that if the contract is renewed, modified, or extended on or after the effective date of this Act, those sections apply to the contract beginning on the date of renewal, modification, or extension.

SECTION 15. This Act takes effect September 1, 2015.

No equivalent provision.

SECTION 10. The change in law made by this Act to Section 375.063, Local Government Code, does not affect the entitlement of a member serving on the board of directors of a district to which that section applies immediately before the effective date of this Act to continue to carry out the board's functions for the remainder of the member's term. The change in law applies only to a member appointed on or after the effective date of this Act.

SECTION 11. Same as introduced version.