

By: Keffer

H.B. No. 3187

A BILL TO BE ENTITLED

AN ACT

relating to assessments for water and energy improvements in municipalities and counties; changing a fee.

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

SECTION 1. Section 399.003, Local Government Code, is amended to read as follows:

Sec. 399.003. EXERCISE OF POWERS. (a) In addition to the authority provided by Chapter 376 for municipalities, the governing body of a local government that establishes a program in accordance with the requirements provided by Section 399.008 may exercise powers granted under this chapter.

(b) The establishment of a program under this chapter by a local government is a governmental function for all purposes.

SECTION 2. Sections 399.006(b) and (c), Local Government Code, are amended to read as follows:

(b) An authorized representative ~~[official]~~ of the local government that establishes a program may enter into a written contract with a record owner of real property in a region designated under this chapter to impose an assessment to repay the owner's financing of a qualified project on the owner's property. The financing to be repaid through assessments may be provided by a third party or, if authorized by the program, by the local government.

(c) If the program provides for third-party financing, the

1 authorized representative [~~official~~] of the local government that  
2 enters into a written contract with a property owner under  
3 Subsection (b) must also enter into a written contract with the  
4 party that provides financing for a qualified project under the  
5 program to service the debt through assessments.

6 SECTION 3. Section 399.007(a), Local Government Code, is  
7 amended to read as follows:

8 (a) The governing body of a local government may determine  
9 that it is convenient and advantageous to designate an area of the  
10 local government as a region within which the authorized  
11 representative of the local government [~~officials~~] and record  
12 owners of real property may enter into written contracts to impose  
13 assessments to repay the financing by owners of qualified projects  
14 on the owners' property and, if authorized by the local government  
15 program, finance the qualified project.

16 SECTION 4. Sections 399.008(a) and (e), Local Government  
17 Code, are amended to read as follows:

18 (a) To establish a program under this chapter, the governing  
19 body of a local government must take the following actions in the  
20 following order:

21 (1) adopt a resolution of intent that includes:

22 (A) a finding that, if appropriate, financing  
23 qualified projects through contractual assessments is a valid  
24 public purpose;

25 (B) a statement that the local government intends  
26 to make contractual assessments to repay financing for qualified  
27 projects available to property owners;

1 (C) a description of the types of qualified  
2 projects that may be subject to contractual assessments;

3 (D) a description of the boundaries of the  
4 region;

5 (E) a description of any proposed arrangements  
6 for third-party financing to be available or any local government  
7 financing to be provided for qualified projects;

8 (F) a description of local government debt  
9 servicing procedures if third-party financing will be provided and  
10 assessments will be collected to service a third-party debt;

11 (G) a reference to the report on the proposed  
12 program prepared as provided by Section 399.009 and a statement  
13 identifying the location where the report is available for public  
14 inspection;

15 (H) a statement of the time and place for a public  
16 hearing on the proposed program; and

17 (I) a statement identifying the appropriate  
18 representative of the local government [~~official and the~~  
19 ~~appropriate assessor-collector~~] for purposes of consulting  
20 regarding collecting the proposed contractual assessments [~~with~~  
21 ~~property taxes~~] imposed on the assessed property;

22 (2) hold a public hearing at which the public may  
23 comment on the proposed program, including the report required by  
24 Section 399.009; and

25 (3) adopt a resolution establishing the program and  
26 the terms of the program, including:

27 (A) each item included in the report under

1 Section 399.009; and

2 (B) a description of each aspect of the program  
3 that may be amended only after another public hearing is held.

4 (e) A local government may impose fees to offset the costs  
5 of administering a program. The fees authorized by this subsection  
6 may be assessed as:

7 (1) a program application fee paid by the property  
8 owner requesting to participate in the program expressed as a set  
9 amount, a percentage of the amount of the assessment, or in any  
10 other manner;

11 (2) a component of the interest rate on the assessment  
12 in the written contract between the local government and the  
13 property owner; or

14 (3) a combination of Subdivisions (1) and (2).

15 SECTION 5. Sections 399.009(a) and (c), Local Government  
16 Code, are amended to read as follows:

17 (a) The report for a proposed program required by Section  
18 399.008 must include:

19 (1) a map showing the boundaries of the proposed  
20 region;

21 (2) a form contract between the local government and  
22 the property owner specifying the terms of:

23 (A) assessment under the program; and

24 (B) financing provided by ~~[a third party or]~~ the  
25 local government, if applicable ~~[as appropriate]~~;

26 (3) if the proposed program provides for third-party  
27 financing, a form contract between the local government and the

1 third party regarding the servicing of the debt through  
2 assessments;

3 (4) a description of types of qualified projects that  
4 may be subject to contractual assessments;

5 (5) a statement identifying a local government  
6 representative [~~official~~] authorized to enter into written  
7 contracts on behalf of the local government;

8 (6) a plan for ensuring sufficient capital for  
9 third-party financing and, if appropriate, raising capital for  
10 local government financing for qualified projects;

11 (7) if bonds will be issued to provide capital to  
12 finance qualified projects as part of the program as provided by  
13 Section 399.016:

14 (A) a maximum aggregate annual dollar amount for  
15 financing through contractual assessments to be provided by the  
16 local government under the program;

17 (B) a method for ranking requests from property  
18 owners for financing through contractual assessments in priority  
19 order if requests appear likely to exceed the authorization amount;  
20 and

21 (C) a method for determining:

22 (i) the interest rate and period during  
23 which contracting owners would pay an assessment; and

24 (ii) the maximum amount of an assessment;

25 (8) a method for ensuring that the period of the  
26 contractual assessment does not exceed the useful life of the  
27 qualified project that is the basis for the assessment;

1           (9) a description of the application process and  
2 eligibility requirements for financing qualified projects to be  
3 repaid through contractual assessments under the program;

4           (10) a method as prescribed by Subsection (b) for  
5 ensuring that property owners requesting to participate in the  
6 program demonstrate the financial ability to fulfill financial  
7 obligations to be repaid through contractual assessments;

8           (11) a statement explaining the manner in which  
9 property will be assessed and assessments will be collected;

10          (12) a statement explaining the lender notice  
11 requirement provided by Section 399.010;

12          (13) a statement explaining the review requirement  
13 provided by Section 399.011;

14          (14) a description of marketing and participant  
15 education services to be provided for the program;

16          (15) a description of quality assurance and antifraud  
17 measures to be instituted for the program; and

18          (16) the procedures for collecting the proposed  
19 contractual assessments.

20          (c) The local government shall make the report available for  
21 public inspection:

22               (1) on the local government's Internet website; and

23               (2) at the office of the representative [~~official~~]  
24 designated to enter into written contracts on behalf of the local  
25 government under the program.

26          SECTION 6. This Act takes effect immediately if it receives  
27 a vote of two-thirds of all the members elected to each house, as

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1 provided by Section 39, Article III, Texas Constitution. If this  
2 Act does not receive the vote necessary for immediate effect, this  
3 Act takes effect September 1, 2015.