

By: Bettencourt

S.B. No. 2047

A BILL TO BE ENTITLED

AN ACT

relating to the creation, territory, and operation of municipal management districts and public improvement districts.

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

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

(c) The petition must:

(1) describe the boundaries of the proposed district:

(A) by metes and bounds;

(B) by verifiable landmarks, including a road, creek, or railroad line; or

(C) if there is a recorded map or plat and survey of the area, by lot and block number;

(2) demonstrate that the boundaries of the proposed district comply with Section 375.045;

(3) state the specific purposes for which the district will be created;

(4) [~~3~~] state the general nature of the work, projects, or services proposed to be provided, the necessity for those services, and the costs as estimated by the persons filing the petition;

(5) [~~4~~] include a name of the district, which must be generally descriptive of the location of the district, followed by "Management District" or "Improvement District";

1 (6) [~~(5)~~] include a proposed list of initial directors
2 that includes the directors' experience and initial term of
3 service; and

4 (7) [~~(6)~~] include a resolution of the governing body of
5 the municipality in support of the creation of the district.

6 (8) and show that the land to be included in the proposed
7 district is: unproductive, underdeveloped, or blighted.

8 (9) The attorney general shall determine, by application of
9 accepted legal principles, the meaning of "unproductive,"
10 "underdeveloped," and "blighted" for purposes of section (9) and by
11 rule define those terms.

12 SECTION 2. Subchapter B, Chapter 375, Local Government
13 Code, is amended by adding Section 375.0225 to read as follows:

14 Sec. 375.0225. CREATION OF SIMILAR DISTRICT
15 PROHIBITED. The commission may not grant a petition to create a
16 district under this subchapter if, less than 10 years before the
17 date the commission receives the petition, there was introduced for
18 consideration by the legislature a bill to authorize by local law
19 the creation of a substantially similar district.

20 SECTION 3. Section 375.025(c), Local Government Code, is
21 amended to read as follows:

22 (c) If after the hearing the commission finds that the
23 petition conforms to the requirements of Section 375.022(c), that
24 the commission is not prohibited from granting the petition by
25 Section 375.0225, and that the district is feasible and necessary
26 and would benefit the public, the commission by order shall make

1 that finding and grant the petition. In determining if the project
2 is feasible and necessary and would benefit the public, the
3 commission shall consider:

4 (1) the availability of comparable services from other
5 systems, including special districts, municipalities, and regional
6 authorities; and

7 (2) the reasonableness of the proposed public purpose
8 projects and services.

9 SECTION 4. Subchapter C, Chapter 375, Local Government
10 Code, is amended by adding Section 375.045 to read as follows:

11 Sec. 375.045. RESIDENTIAL PROPERTY EXCLUDED IN CERTAIN
12 DISTRICTS. A district created after September 1, 2017, may not
13 include single-family detached residential property.

14 SECTION 5. Section 375.063, Local Government Code, is
15 amended to read as follows:

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

- 18 (1) ~~[a resident of the district,~~
19 ~~(2)]~~ an owner of property in the district;
20 (2) ~~(3)]~~ an owner of stock, whether beneficial or
21 otherwise, of a corporate owner of property in the district;
22 (3) ~~(4)]~~ an owner of a beneficial interest in a trust
23 that owns property in the district; or
24 (4) ~~(5)]~~ an agent, employee, or tenant of a person
25 covered by Subdivision (1), (2), or (3) ~~[, or (4)]~~.

26 SECTION 6. Sections 375.064(a), (b), and (c), Local
27 Government Code, are amended to read as follows:

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

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

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

13 SECTION 7. Subchapter E, Chapter 375, Local Government
14 Code, is amended by adding Section 375.099 to read as follows:

15 Sec. 375.099. ONLINE PUBLICATION OF FISCAL INFORMATION. A
16 district that maintains an Internet website shall:

17 (1) post the district's financial records on the
18 website; or

19 (2) provide a link on the website to another Internet
20 website on which the information is posted.

21 SECTION 8. Section 375.161, Local Government Code, is
22 amended to read as follows:

23 Sec. 375.161. [~~CERTAIN~~] RESIDENTIAL PROPERTY EXEMPTIONS
24 [~~EXEMPT~~]. (a) Except as provided by Subsection (b), the board may
25 not impose an impact fee, [~~assessment,~~] tax, or other requirement
26 for payment, construction, alteration, or dedication under this
27 chapter on single-family detached residential property, duplexes,

1 triplexes, and fourplexes.

2 (b) Subsection (a) [~~This section~~] does not apply to a tax
3 authorized or approved by the voters of the district or a required
4 payment for a service provided by the district, including water and
5 sewer services.

6 (c) The board may not impose an assessment on residential
7 property.

8 SECTION 9. Section 375.182, Local Government Code, is
9 amended to read as follows:

10 Sec. 375.182. PROHIBITED USE OF FUNDS. (a) Funds may not
11 be spent, an assessment imposed, or a tax levied under this chapter
12 to finance the opening, reopening, or maintenance of a pass, canal,
13 or waterway across a barrier island connecting the Gulf of Mexico
14 with inland waters.

15 (b) A district may not use the proceeds of a bond to finance
16 an improvement project or service outside the district.

17 SECTION 10. Subchapter J, Chapter 375, Local Government
18 Code, is amended by adding Section 375.2015 to read as follows:

19 Sec. 375.2015. NOTICE OF PROPOSED BOND. Before a district
20 may authorize the issuance of a bond, the district must mail written
21 notice of the proposed bond to:

22 (1) the governing body of each municipality and county
23 in which the district is located;

24 (2) each senator and member of the house of
25 representatives who represents any part of the territory of the
26 county in which the district is located; and

27 (3) each person who owns real property in the district,

1 according to the most recent certified county property tax rolls.

2 SECTION 11. Section 375.205, Local Government Code, is
3 amended by adding Subsection (a-1) to read as follows:

4 (a-1) Not earlier than the 14th day before and not later than
5 the seventh day before the date the district submits a bond under
6 Subsection (a), the district shall send notice describing the
7 submitted bond to:

8 (1) the governing body of each municipality and county
9 in which the district is located; and

10 (2) each senator and member of the house of
11 representatives who represents any part of the territory of the
12 county in which the district is located.

13 SECTION 12. Section 375.262, Local Government Code, is
14 amended to read as follows:

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

18 (1) 75 percent or more of the assessed value of the
19 property in the district based on the more recent certified county
20 property tax rolls; or

21 (2) 75 percent or more of the surface area of the
22 district, excluding roads, streets, highways, utility
23 rights-of-way, other public areas, and other property exempt from
24 assessment under Sections 375.161 and ~~7~~ 375.163, ~~[and 375.164,~~
25 according to the most recent certified county property tax rolls.

26 SECTION 13. Section 382.052(b), Local Government Code, is
27 amended to read as follows:

1 (b) If the population of the district is more than 1,000, to
2 be eligible to serve as a director, a person must be at least 18
3 years old, reside in the district, and be:

4 (1) an owner of property in the district;

5 (2) an owner of stock, whether beneficial or otherwise,
6 of a corporate owner of property in the district;

7 (3) an owner of a beneficial interest in a trust that
8 owns property in the district; or

9 (4) an agent, employee, or tenant of a person covered by
10 Subdivision (1), (2), or (3) [~~meet the qualifications of Section~~
11 ~~375.063~~].

12 SECTION 14. Section 3855.052(b), Special District Local
13 Laws Code, is amended to read as follows:

14 (b) Section 375.063(2) [~~375.063(3)~~], Local Government Code,
15 does not apply to the district.

16 SECTION 15. Section 375.164, Local Government Code, is
17 repealed.

18 SECTION 16. Sections 375.022 and 375.025, Local Government
19 Code, as amended by this Act, and Section 375.0225, Local
20 Government Code, as added by this Act, apply only to a petition
21 requesting the creation of a district submitted to the Texas
22 Commission on Environmental Quality on or after the effective date
23 of this Act. A petition submitted before the effective date of
24 this Act is governed by the law in effect when the petition is
25 submitted, and the former law is continued in effect for that
26 purpose.

27 SECTION 17. The change in law made by this Act to Section

1 375.063, Local Government Code, does not affect the entitlement of
2 a member serving on the board of directors of a district to which
3 that section applies immediately before the effective date of this
4 Act to continue to carry out the board's functions for the remainder
5 of the member's term. The change in law applies only to a member
6 appointed on or after the effective date of this Act.

7 SECTION 18. The termination of the authority for a district
8 to impose an assessment on residential property under Section
9 375.161, Local Government Code, as amended by this Act, does not
10 impair an obligation created before September 1, 2017, by the
11 issuance of bonds or other evidence of indebtedness for which
12 payment was pledged from an assessment imposed as previously
13 authorized by Chapter 375, Local Government Code. A district from
14 which payment was pledged as described by this section may continue
15 to impose the assessment against the property until the bond or
16 other indebtedness is discharged, but only if the cessation of the
17 imposition would impair the obligation.

18 SECTION 19. Section 375.182(b), Local Government Code, as
19 added by this Act, applies only to the use of the proceeds of a bond
20 issued on or after the effective date of this Act. The use of
21 proceeds of a bond issued before that date is governed by the law in
22 effect on the date the bonds were issued, and that law is continued
23 in effect for that purpose.

24 SECTION 20. Sections 375.2015 and 375.205(a-1), Local
25 Government Code, as added by this Act, apply only to bonds issued on
26 or after the effective date of this Act. Bonds issued before the
27 effective date of this Act are governed by the law in effect on the

1 date the bonds were issued, and the former law is continued in
2 effect for that purpose.

3 SECTION 21. Section 375.262, Local Government Code, as
4 amended by this Act, applies only to a petition filed on or after
5 the effective date of this Act. A petition filed before the
6 effective date of this Act is governed by the law in effect on the
7 date the petition was filed, and the former law is continued in
8 effect for that purpose.

9 SECTION 22. The changes in law made by this Act may not be
10 construed to impair an obligation under a contract entered into on
11 or after the effective date of this Act. A political subdivision
12 may fulfill the subdivision's obligations under a contract entered
13 into before that date but may not extend such a contract beyond the
14 contract's original term.

15 SECTION 23. This Act takes effect September 1, 2017.