

## **BILL ANALYSIS**

Senate Research Center

H.B. 304  
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Intergovernmental Relations  
5/9/2019  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Concerns have been raised regarding the governance and operation of municipal management districts (MMD), especially those that collect relatively high taxes and fees. While property owners in an MMD may generally agree with the goals of a district, they often lack oversight and proper input into how their tax dollars are used.

H.B. 304 seeks to address these concerns by making certain changes to the statutes generally governing municipal management districts to improve transparency and property owner involvement.

H.B. 304 amends current law relating to the governance and operation of municipal management districts.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 375.022(b), Local Government Code, as follows:

(b) Requires the petition to be signed by 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 management district (district), rather than real property in the proposed district, according to the most recent certified county property tax rolls.

SECTION 2. Amends Section 375.063, Local Government Code, as follows:

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

- (1) deletes existing text relating to a resident of the district and creates this subdivision from Subdivision (2);
- (3)–(5) redesignates these subdivisions as Subdivisions (2)–(4); and
- (4) makes nonsubstantive change.

SECTION 3. Amends Sections 375.064(a), (b), and (c), Local Government Code, as follows:

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

(b) Requires the governing body, after reviewing the recommendations, to approve or disapprove the directors recommended under Subsection (a), rather than recommended by the board.

(c) Requires the board, on the request of the governing body, if the governing body is not satisfied with the recommendations submitted under Subsection (a), rather than submitted by the board, to submit to the governing body additional recommendations

SECTION 4. Amends Section 375.092(f), Local Government Code, as follows:

(f) Authorizes a district to acquire, construct, complete, develop, own, operate, and maintain permanent improvements and provide services that directly benefit property in the district, regardless of whether the improvements or services are located inside or outside its boundaries, rather than provide services inside and outside its boundaries.

SECTION 5. Amends Section 375.114, Local Government Code, as follows:

Sec. 375.114. PETITION REQUIRED. Prohibits the board from financing improvement projects or services, rather than financing services and improvement projects, under this chapter (Municipal Management Districts in General) unless a written petition has been filed with the board requesting those improvements or services signed by:

(1) the owners of a majority, rather than the owners of 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) (related to requiring the cost to be assessed equally by front foot or by square foot of land area against all property in the district), 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, rather than 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 (Governmental Entities; Assessments) or 375.163 (Recreational, Park, or Scenic Use Property), according to the most recent certified county property tax rolls.

SECTION 6. Amends Section 375.243, Local Government Code, as follows:

Sec. 375.243. PETITION REQUIRED FOR BOND ELECTION. Deletes subdivision designations and makes a nonsubstantive change. Prohibits the board from calling a bond election unless a written petition has been filed with the board requesting an election signed by the owners of a majority of the assessed value of the property subject to assessment or taxation by the district as determined from the most recent certified county property tax rolls, rather than owners of 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. Deletes existing text prohibiting the board from calling a bond election unless a written petition has been filed with the board requesting an election signed by the owners of 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 (Certain Residential Property Exempt), 375.163, and 375.164 (Residential Property Exempted By Board) as determined from the most recent certified county property tax rolls.

SECTION 7. Amends Section 375.262, Local Government Code, as follows:

Sec. 375.262. DISSOLUTION BY PETITION BY OWNERS. Deletes subdivision designations and makes a nonsubstantive change. Requires the board, except as limited by Section 375.264 (Limitation on Dissolution by Board), to dissolve the district on written petition filed with the board by the owners of at least two-thirds of the assessed

value of the property subject to petition or taxation by the district based on the most recent certified county property tax rolls, rather than owners of 75 percent or more of the assessed value of the property in the district based on the most recent certified county property tax rolls. Deletes existing text referring to the requirement of the board to dissolve the district on written petition filed with the board by the owners of 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. Amends Section 382.052(b), Local Government Code, as follows:

(b) Makes a nonsubstantive change. Requires a person, if the population of the district is more than 1,000, to be eligible to serve as a director, to be at least 18 years old, reside in the district, and:

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

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

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

(4) be an agent, employee, or tenant of a person covered by Subdivision (1), (2), or (3), rather than meet the qualifications of Section 375.063.

SECTION 9. Amends Section 3855.052(b), Special District Local Laws Code, to provide that Section 375.063(2), Local Government Code, does not apply to the district.

SECTION 10. Repealer: Section 3818.251 (Applicability of Other Law; Exception), Special District Local Laws Code.

SECTION 11. Provides that 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. Makes application of this Act prospective.

SECTION 12. Effective date: September 1, 2019.