

SUBJECT: Creating the Greater East End Management District in Houston

COMMITTEE: County Affairs — favorable, without amendment

VOTE: 6 ayes — R. Lewis, Bonnen, Christian, Denny, Gutierrez, G. Lewis
0 nays
3 absent — Kamel, Chisum, Flores

SENATE VOTE: On final passage, April 30 — 31-0

WITNESSES: For — Jeanne H. McDonald
Against — None

BACKGROUND : Art. 3, section 52 and Art. 16, sec. 59 of the Texas Constitution authorize the creation of water control and improvement districts and conservation and reclamation districts to maintain and improve waterways for irrigation, drainage and navigation purposes. The districts can issue bonds and levy taxes to provide services and make infrastructure improvements.

Section 4B of the Development Corporation Act of 1979 allows economic development corporations to levy up to a half-cent sales and use tax for such civic projects as athletic stadiums, convention centers, parks and museums as well as commercial projects.

Cities with a population of at least 25,000 may designate commercial areas such as municipal management districts to promote the health and safety of residents and visitors to an area as well as develop and maintain employment and commerce in the area. Districts can assess land, impose impact fees, and issue bonds to pay for projects.

DIGEST: SB 19 would create the Greater East End Management District to promote and develop employment, commerce, housing, entertainment, and safety in the Greater East End of Houston. The district would be 17 square miles with specific boundaries as described in the bill.

The district would have the same authority as municipal management corporations, 4B economic development corporations, water control and improvement districts, and conservation and reclamation districts. It could impose ad valorem taxes, assessments, and impact fees to provide services or make improvements, and could correct or delete assessments from its assessment rolls after notice and hearing. The district would not have the power of eminent domain.

SB 19 would take immediate effect if finally approved by a two-thirds record vote of the membership in each house. The district would expire on September 1, 2002.

District governance. The district would be governed by a board of 13 directors, serving four-year staggered terms. The mayor and members of the governing body of the municipality would be required to appoint the directors from among persons recommended by the board. The board could change the number of directors to vary between nine and 30 members. SB 19 would apply the governing statutes of municipal management districts, including board member qualifications, to the Greater East End district.

SB 19 would authorize the board to create a non-profit corporation to assist and act on behalf of the district in implementing projects. The board would appoint the corporation board of directors, whose members would serve the same terms and under the same conditions as the board of directors of a local government corporation. The non-profit corporation would have the same powers as a local government corporation and could implement any project or provide any services authorized for the district.

The district would be prohibited from financing services and improvement projects unless a written petition requesting the services was filed with the board. The petition would have to be signed by the owners of a majority of the assessed value of real property in the district or at least 50 district landowners if there are more than 50 people who owned land in the district.

SB 19 would allow political subdivisions of the state to contract with the district to provide services authorized by the bill. The contract could be for a mutually agreed upon period of time, include terms on which the parties agreed, be payable from taxes or other sources, and provide that taxes

collected a project or from a person using or purchasing a commodity or serve at a district project could be paid or rebated to the district. The district could enter into agreements with or accept grants and loans. The district could contract with the municipality or county for law enforcement services on a fee basis.

SB 19 would authorize the district to change the grade or the construction of streets, electric lines, telephone lines, gas transmission or distributions pipes, water or sewer pipes, cable TV lines, or other pipelines at its own expense. The district would be required to bear the cost of damages suffered by owners of the property.

The board could vote to dissolve the district if all of its debt had been paid. If debt remained,, the district would continue for the limited purpose of retiring the bonds.

Taxing and bonding authority. The district would have to receive voter approval before imposing a maintenance tax or issuing bonds payable from ad valorem taxes or assessments. The board could impose impact fees and an annual maintenance tax to pay for the cost of providing improvements if approved by voters.

SB 19 also would authorize the district to issue bonds and other obligations payable in whole or in part from ad valorem taxes, assessments, impact fees, revenues, grants, or other funds of the district.

SB 19 would require the district to seek approval from the municipality to issue bonds, for improvement projects financed by bonds, and improvement projects related to the use of land owned by the municipality, an easement granted by the municipality, or a right of way or a street, road or highway. If the district received approval from the municipality for a capital improvements budget for a period not to exceed five years, it could finance the improvement and issue bonds described in the budget without further approval from the municipality.

SB 19 would require the district to submit the bonds and the record of district proceedings to the attorney general for approval.

Assessments. The board could impose and collect an assessment on all or part of the district to pay for the costs of improvement projects and services. Assessments and reassessments conducted by the district, associated penalties and interest, expenses of collection, and reasonable attorney's fees incurred by the district would be a first and prior lien against the assessed property and superior to other liens or claims, except a lien or claim for a county, school district, or municipal ad valorem taxes. The assessments would also be the personal liability of and charged against the property owners even if the owners were not named in the assessment proceedings.

The lien would be effective until paid. The board could enforce the lien in the same way it enforced an ad valorem tax lien against real property.

Residential property, multiunit residential property and condominiums would be exempt from district impact fees, taxes and assessments on residential property. The district could impose an impact fee or assessment on the property, equipment or facilities of a public utility.