

BILL ANALYSIS

Senate Research Center
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S.B. 1270
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S/C on Emerging Technologies & Economic Dev.
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

As proposed, S.B. 1270 proposes to remove the existing population bracket limiting county authority to create county development districts. The bill clarifies such districts' authority to pay for services traditionally provided by local political subdivisions with sales tax revenue generated within the district. Potential municipal annexation of district territory is also contemplated by the bill. Finally, the bill enables district creation upon action of a commissioners court, subject to confirmation election, in addition to the existing method of creation via landowner petition.

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 383.003(a), Local Government Code, as to provide that counties, rather than small and medium-sized counties, in this state need incentives for the development of public improvements to attract visitors and tourists, and are at a disadvantage in competing with counties in other states for the location and development of projects that attract visitors by virtue of the availability and prevalent use of financial incentives in other states.

SECTION 2. Amends Section 383.021(a), Local Government Code, to authorize the commissioners court of a county by issuing a proposal approved by a majority of the court or on petition of the owners of land in a proposed district, to commence the creation of a county development district. Deletes existing text making this section applicable to a county with a population of 400,000 or less.

SECTION 3. Amends Section 383.022, Local Government Code, to require that, to commence the creation of a district by petition, a petition requesting creation must be filed with the commissioners court of the county in which all of the land in the proposed district is located.

SECTION 4. Amends Section 383.023, Local Government Code, as follows:

Sec. 383.023. New heading: CONTENTS OF PROPOSAL OR PETITION. Requires the commissioners court's proposal or the petition to create a district to include certain information.

SECTION 5. Amends Section 383.024, Local Government Code, as follows:

Sec. 383.024. New heading: SETTING OF HEARING; CONTENTS OF NOTICE. Requires the commissioners court, before the 61st day after the date a proposal is issued or a petition is received, to set a date, time, and place for a hearing on the creation of the district and to issue notice of the date, time, place, and subject matter of the hearing.

SECTION 6. Amends Section 383.025, Local Government Code, as follows:

Sec. 383.025. New heading: PROVIDING NOTICE OF HEARING. Requires the commissioners court, before the 30th day before the date set for the hearing, to provide notice of the hearing by certain means.

SECTION 7. Amends Section 383.026, Local Government Code, to require certain actions to take place at the hearing.

SECTION 8. Amends Section 383.027, Local Government Code, as follows:

Sec. 383.027. New heading: GRANTING OR REFUSING PREVIOUS PROPOSAL OR PETITION; CREATION OF DISTRICT. (a) Authorizes the commissioners court by order, after the hearing, if the commissioners court finds that the petition, if a petition was filed, conforms to the requirements of Section 383.022 and that the creation of the district and the proposed project is feasible and necessary and would serve the public purpose of attracting visitors or tourists to the county, to make that finding and create the district. Makes conforming changes.

(b) Makes a conforming change.

(c) Makes conforming changes.

SECTION 9. Amends Section 383.028, Local Government Code, as follows:

Sec. 383.028. New heading: INITIAL DIRECTORS; VACANCY IN OFFICE. (a) Requires the commissioners court, if the commissioners court orders the creation of the district under Section 383.027, to appoint to serve as initial, rather than temporary, directors of the district five persons who are qualified under this chapter to serve as directors. Makes a conforming change.

(b) Makes a conforming change.

SECTION 10. Amends Section 383.029, Local Government Code, to make conforming changes.

SECTION 11. Amends Section 383.030, Local Government Code, to make a conforming change.

SECTION 12. Amends Section 383.032, Local Government Code, to make a conforming change.

SECTION 13. Amends Sections 383.034(a) and (b), Local Government Code, to make conforming changes.

SECTION 14. Amends Section 383.041, Local Government Code, as follows:

Sec. 383.041. BOARD OF DIRECTORS; TERMS. (a) Provides that the initial directors appointed under Section 383.028 remain, rather than become permanent, directors of the district, if the creation of the district is confirmed at the confirmation election.

(b) Provides that directors serve staggered terms of two, rather than four, years, with two or three members' terms expiring September 1 of each year, rather than every other year. Makes conforming changes.

SECTION 15. Amends Subchapter D, Chapter 383, Local Government Code, by adding Sections 383.067 and 383.068, as follows:

Sec. 383.067. CONTRACTS WITH COUNTY. Authorizes a district and a county to enter into an interlocal contract under Chapter 791 (Interlocal Cooperation Contracts), Government Code, for the county to provide services to the district, including county auditor services.

Sec. 383.068. FINANCING OF INFRASTRUCTURE AND SERVICES. Authorizes a district to finance government infrastructure and services in the district.

SECTION 16. Amends Section 383.084, Local Government Code, by amending Subsection (b) and adding Subsections (c) and (d), as follows:

- (b) Deletes existing text making this subsection applicable to adding land.
- (c) Requires the commissioners court to enter in its records the appropriate findings and order adding land to the district only if certain circumstances are present.
- (d) Authorizes only voters who reside on the land proposed to be added to vote in an election held under Subsection (c).

SECTION 17. Amends the heading to Subchapter E, Chapter 383, Local Government Code, to read as follows:

SUBCHAPTER E. BONDS; ADDING OR REMOVING LAND

SECTION 18. Amends Subchapter E, Chapter 383, Local Government Code, by adding Section 383.085, as follows:

Sec. 383.085. REMOVAL OF TERRITORY BY MUNICIPALITY. (a) Requires a municipality, if a municipality completes all other procedures necessary to annex territory in a district, to send written notice of that fact to the board. Requires the municipality to send the notice to the board. Requires the municipality to send the notice to the board secretary by certified mail, return receipt requested. Provides that the territory remains part of the district and does not become part of the municipality until the board secretary receives the notice. Requires the board, on receipt of the notice, to immediately change its records to show that the territory has been disannexed from the district.

(b) Provides that the disannexation of territory under this section does not diminish or impair the rights of the holders of any outstanding and unpaid bonds, warrants, or other obligations of the district including loans and lease-purchase agreements.

(c) Requires a municipality, if the municipality annexes territory in a district, to compensate the district immediately after disannexation of the territory under Subsection (a) in an amount equal to the annexed territory's pro rata share of the district's bonded and other indebtedness as computed according to the formula in Subsection (d). Requires the district to apply compensation received from a municipality under this subsection exclusively to the payment of the annexed territory's pro rata share of the district's bonded and other indebtedness.

(d) Provides that the amount of compensation under Subsection (c) is determined by multiplying the district's total indebtedness at the time of the annexation by a fraction the numerator of which is the assessed value of the property to be annexed based on the most recent certified county property tax rolls at the time of annexation and the denominator of which is the total assessed value of the property of the district based on the most recent certified county property tax rolls at the time of annexation.

(e) Provides that, for purposes of this section, total indebtedness includes loans and lease-purchase agreements but does not include a loan or lease-purchase agreement the district enters into after the district receives notice of the municipality's intent to annex district territory.

SECTION 19. Amends Section 383.101(b), Local Government Code, to provide that, if a district adopts the tax, there is imposed a tax on the receipts from the sale at retail of taxable items in the district at a rate of up to one percent, rather than one-half of one percent.

SECTION 20. Amends Section 383.103, Local Government Code, as follows:

Sec. 383.103. TAX RATES. Provides that the permissible rates for a local sales and use tax levied under this chapter are one-fourth of one percent, three-eighths of one-percent, one-half of one percent, five-eighths of one percent, three-fourths of one percent, seven-eighths of one percent, and one percent.

SECTION 21. Amends the heading to Subchapter B, Chapter 383, Local Government Code, to read as follows:

SUBCHAPTER B. CREATION OF DISTRICT; INITIAL BOARD

SECTION 22. (a) Provides that Section 383.041, Local Government Code, as amended by this Act, does not terminate the office of a director serving on a county development district as of the effective date of this Act. Requires the directors to transition to two-year terms as provided by Subsection (b) of this section.

(b) Requires the directors of a county development district, to comply with Section 383.041, Local Government Code, as amended by this Act, to draw lots to determine which two or three terms expire September 1, 2008. Provides that the remaining directors' terms expires September 1, 2009.

SECTION 23. Makes application of changes made by this Act to Section 383.085, Local Government Code, prospective.

SECTION 24. Effective date: September 1, 2007.