

BILL ANALYSIS

C.S.H.B. 4303
By: Burns
Special Purpose Districts
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that an area located within the extraterritorial jurisdiction of the city of Grand Prairie would benefit from the creation of a management district. C.S.H.B. 4303 seeks to provide for the creation of such a district.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 4303 amends the Special District Local Laws Code to create the Prairie Ridge Municipal Management District No. 1, subject to municipal consent and voter approval at a confirmation election, to provide certain improvements, projects, and services for public use and benefit. The bill provides for, among other provisions, the addition or removal of territory from the district, the division of the district, and the dissolution of the district by the City of Grand Prairie. The bill sets out the district's powers and duties, which include, subject to certain requirements, the power to issue obligations, impose and collect assessments, and impose property, operation and maintenance, and contract taxes. The bill exempts the district from statutory provisions excluding certain residential property from district fees, assessments, and taxes. The bill authorizes the district to exercise the power of eminent domain but expressly prohibits the district from exercising that power if the bill does not receive a two-thirds vote of all the members elected to each house.

EFFECTIVE DATE

September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 4303 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3954 to read as follows:

CHAPTER 3954. PRAIRIE RIDGE MUNICIPAL MANAGEMENT DISTRICT NO. 1

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3954.001. DEFINITIONS.

Sec. 3954.002. CREATION AND NATURE OF DISTRICT.

Sec. 3954.003. PURPOSE; LEGISLATIVE FINDINGS.

Sec. 3954.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

Sec. 3954.005. INITIAL DISTRICT TERRITORY.

Sec. 3954.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.

Sec. 3954.007. CONFIRMATION AND DIRECTORS' ELECTION REQUIRED.

Sec. 3954.008. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICT LAW. (a) Except as provided by this chapter, Chapter 375, Local Government Code, applies to the district.

(b) Subchapters B and O, Chapter 375, Local Government Code, do not apply to the district.

Sec. 3954.009. CONSTRUCTION OF CHAPTER.

SUBCHAPTER B. BOARD OF DIRECTORS

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3954 to read as follows:

CHAPTER 3954. PRAIRIE RIDGE MUNICIPAL MANAGEMENT DISTRICT NO. 1

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3954.001. DEFINITIONS.

Sec. 3954.002. CREATION AND NATURE OF DISTRICT.

Sec. 3954.003. PURPOSE; LEGISLATIVE FINDINGS.

Sec. 3954.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

Sec. 3954.005. INITIAL DISTRICT TERRITORY.

Sec. 3954.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.

Sec. 3954.007. CONFIRMATION AND DIRECTORS' ELECTION REQUIRED.

Sec. 3954.008. CONSENT OF MUNICIPALITY REQUIRED. The temporary directors may not hold an election under Section 3954.007 until each municipality in whose corporate limits or extraterritorial jurisdiction the district is located has consented by ordinance or resolution to the creation of the district and to the inclusion of land in the district.

Sec. 3954.009. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICT LAW. Except as provided by this chapter, Chapter 375, Local Government Code, applies to the district.

Sec. 3954.010. CONSTRUCTION OF CHAPTER.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3954.051. GOVERNING BODY; TERMS.

Sec. 3954.052. INITIAL DIRECTORS. (a)

The initial board consists of:

Pos. No. Name of Director

1	
2	
3	
4	
5	

(b) Initial directors serve until the earlier of:

(1) the date permanent directors are elected under Section 3954.007; or

(2) the fourth anniversary of the effective date of the Act enacting this chapter.

(c) If permanent directors have not been elected under Section 3954.007 and the terms of the initial directors have expired, successor initial directors shall be appointed or reappointed as provided by Subsection (d) to serve terms that expire on the earlier of:

(1) the date permanent directors are elected under Section 3954.007; or

(2) the fourth anniversary of the date of the appointment or reappointment.

(d) If Subsection (c) applies, the owner or owners of a majority of the assessed value of the real property in the district according to the most recent certified tax appraisal rolls for the county may submit a petition to the commission requesting that the commission appoint as successor initial directors the five persons named in the petition. The commission shall appoint as successor initial directors the five persons named in the petition.

Sec. 3954.051. GOVERNING BODY; TERMS.

Sec. 3954.052. INITIAL DIRECTORS. (a)

The initial board consists of:

Pos. No. Name of Director

1	<u>Murphy Short</u>
2	<u>Johnny Catalano</u>
3	<u>Reid Halverson</u>
4	<u>Riley Standridge</u>
5	<u>Brian Tomich</u>

(b) Initial directors serve until the earlier of:

(1) the date permanent directors are elected under Section 3954.007; or

(2) the fourth anniversary of the effective date of the Act enacting this chapter.

(c) If permanent directors have not been elected under Section 3954.007 and the terms of the initial directors have expired, successor initial directors shall be appointed or reappointed as provided by Subsection (d) to serve terms that expire on the earlier of:

(1) the date permanent directors are elected under Section 3954.007; or

(2) the fourth anniversary of the date of the appointment or reappointment.

(d) If Subsection (c) applies, the owner or owners of a majority of the assessed value of the real property in the district according to the most recent certified tax appraisal rolls for the county may submit a petition to the commission requesting that the commission appoint as successor initial directors the five persons named in the petition. The commission shall appoint as successor initial directors the five persons named in the petition.

Sec. 3954.053. COMPENSATION; EXPENSES. (a)

The district may compensate each director in an amount not to exceed \$150 for each board meeting. The total amount of compensation for each director in a calendar year may not exceed \$6,000.

(b) The governing body of the city, by resolution or ordinance, may increase:

(1) the compensation for each director to an amount not to exceed \$300 for each board meeting; and

(2) the total compensation for each director to an amount not to exceed \$12,000 in a calendar year.

(c) A director is entitled to reimbursement

for necessary and reasonable expenses incurred in carrying out the duties and responsibilities of a director.

SUBCHAPTER C. POWERS AND DUTIES

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Sec. 3954.101. GENERAL POWERS AND DUTIES.

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Sec. 3954.102. IMPROVEMENT PROJECTS AND SERVICES.

Sec. 3954.102. IMPROVEMENT PROJECTS AND SERVICES.

Sec. 3954.103. PUBLIC IMPROVEMENT DISTRICT POWERS. The district has the powers provided by Chapter 372, Local Government Code, to a municipality or county.

Sec. 3954.104. RETAIL WATER AND SEWER SERVICES PROHIBITED. The district may not provide retail water or sewer services.

Sec. 3954.105. ADDING OR REMOVING TERRITORY.

Sec. 3954.103. ADDING OR REMOVING TERRITORY.

Sec. 3954.106. EMINENT DOMAIN.

Sec. 3954.104. EMINENT DOMAIN.

SUBCHAPTER D. DIVISION OF DISTRICT INTO MULTIPLE DISTRICTS

Sec. 3954.151. DIVISION OF DISTRICT; PREREQUISITES. The district, including territory added to the district under Section 3954.105, may be divided into two or more new districts only if the district has no outstanding bonded debt. Territory previously added to the district under Section 3954.105 may be included in a new district.

Sec. 3954.105. DIVISION OF DISTRICT. (a) The district may be divided into two or more new districts only if the district:

- (1) has no outstanding bonded debt; and
- (2) is not imposing ad valorem taxes.

Sec. 3954.152. LAW APPLICABLE TO NEW DISTRICT. This chapter applies to any new district created by division of the district, and a new district has all the powers and duties of the district.

(b) This chapter applies to any new district created by the division of the district, and a new district has all the powers and duties of the district.

(c) Any new district created by the division of the district may not, at the time the new district is created, contain any land outside the area described by Section 2 of the Act enacting this chapter.

Sec. 3954.153. DIVISION PROCEDURES.

(a) The board, on its own motion or on receipt of a petition signed by an owner of real property in the district, may adopt an

(d) The board, on its own motion or on receipt of a petition signed by the owner or owners of a majority of the assessed value

order proposing to divide the district.

(b) If the board decides to divide the district, the board shall:

(1) set the terms of the division, including names for the new districts and a plan for the payment or performance of any outstanding district obligations;

(2) prepare a metes and bounds description for each proposed district; and

(3) appoint five initial directors for each new district.

of the real property in the district, may adopt an order dividing the district.

(e) The board may adopt an order dividing the district before or after the date the board holds an election under Section 3954.007 to confirm the creation of the district.

(f) An order dividing the district must:

(1) name each new district;

(2) include the metes and bounds description of the territory of each new district;

(3) appoint temporary directors for each new district; and

(4) provide for the division of assets and liabilities between or among the new districts.

(g) On or before the 30th day after the date of adoption of an order dividing the district, the district shall file the order with the commission and record the order in the real property records of each county in which the district is located.

(h) Any new district created by the division of the district shall hold a confirmation and directors' election as required by Section 3954.007.

(i) If the creation of the new district is confirmed, the new district shall provide the election date and results to the commission.

(j) Any new district created by the division of the district must hold an election as required by this chapter to obtain voter approval before the district may impose a maintenance tax or issue bonds payable wholly or partly from ad valorem taxes.

(k) Municipal consent to the creation of the district and to the inclusion of land in the district granted under Section 3954.008 acts as municipal consent to the creation of any new district created by the division of the district and to the inclusion of land in the new district.

Sec. 3954.154. CONTRACT AUTHORITY OF NEW DISTRICTS. The new districts may contract with each other for any matter the boards of the new districts consider appropriate, including the joint construction or financing of an improvement project, the joint financing of a maintenance obligation, or the provision of water and wastewater services.

SUBCHAPTER E. GENERAL

SUBCHAPTER D. GENERAL

FINANCIAL PROVISIONS;
ASSESSMENTS

Sec. 3954.201. DISBURSEMENTS AND TRANSFERS OF MONEY.

Sec. 3954.202. MONEY USED FOR IMPROVEMENTS OR SERVICES.

Sec. 3954.203. METHOD OF NOTICE FOR HEARING.

Sec. 3954.204. ASSESSMENTS; LIENS FOR ASSESSMENTS.

Sec. 3954.205. RESIDENTIAL PROPERTY NOT EXEMPT.

SUBCHAPTER F. TAXES AND BONDS

Sec. 3954.251. BONDS AND OTHER OBLIGATIONS. (a) The district may issue, by public or private sale, bonds, notes, or other obligations payable wholly or partly from ad valorem taxes or assessments in the manner provided by Subchapter A, Chapter 372, or Subchapter J, Chapter 375, Local Government Code. Sections 375.207(a) and (b), Local Government Code, do not apply to the district. Section 375.208, Local Government Code, does not apply to a bond, note, or other obligation of the district payable from assessments.

(b) In exercising the district's borrowing power, the district may issue a bond or other obligation in the form of a bond, note, certificate of participation or other instrument evidencing a proportionate interest in payments to be made by the district, or other type of obligation.

(c) In addition to the sources of money described by Subchapter A, Chapter 372, and Subchapter J, Chapter 375, Local Government Code, district bonds may be secured and made payable wholly or partly by a pledge of any part of the money the district receives from improvement revenue, receives under Section 3954.006(b), or receives from any other source.

(d) The district may issue bonds, notes, or other obligations to maintain or repair an

FINANCIAL PROVISIONS;
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Sec. 3954.151. DISBURSEMENTS AND TRANSFERS OF MONEY.

Sec. 3954.152. MONEY USED FOR IMPROVEMENTS OR SERVICES.

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Sec. 3954.155. RESIDENTIAL PROPERTY NOT EXEMPT.

SUBCHAPTER E. TAXES AND BONDS

Sec. 3954.201. BONDS AND OTHER OBLIGATIONS. (a) The district may issue, by public or private sale, bonds, notes, or other obligations payable wholly or partly from ad valorem taxes or assessments in the manner provided by Subchapter J, Chapter 375, Local Government Code.

(b) If the improvements financed by an obligation will be conveyed to or operated and maintained by a municipality or retail utility provider pursuant to an agreement between the district and the municipality or retail utility provider entered into before the issuance of the obligation, the obligation may be issued in the manner provided by Subchapter A, Chapter 372, Local Government Code.

(c) In exercising the district's borrowing power, the district may issue a bond or other obligation in the form of a bond, note, certificate of participation or other instrument evidencing a proportionate interest in payments to be made by the district, or other type of obligation.

(d) In addition to the sources of money described by Subchapter A, Chapter 372, and Subchapter J, Chapter 375, Local Government Code, district bonds may be secured and made payable wholly or partly by a pledge of any part of the money the district receives from improvement revenue, receives under Section 3954.006(b), or receives from any other source.

(e) The district may issue bonds, notes, or other obligations to maintain or repair an

existing improvement project only if the district obtains written consent from the governing body of the city.

Sec. 3954.252. ELECTIONS REGARDING TAXES AND BONDS.

Sec. 3954.253. TAXES FOR BONDS.

Sec. 3954.254. OPERATION AND MAINTENANCE TAX.

Sec. 3954.255. CONTRACT TAXES.

SUBCHAPTER G. DISSOLUTION

Sec. 3954.301. DISSOLUTION BY CITY ORDINANCE.

Sec. 3954.302. COLLECTION OF ASSESSMENTS AND OTHER REVENUE.

Sec. 3954.303. ASSUMPTION OF ASSETS AND LIABILITIES.

SECTION 2. Sets out the metes and bounds of the district.

SECTION 3. (a) The legal notice of the intention to introduce this Act, setting forth the general substance of this Act, has been published as provided by law, and the notice and a copy of this Act have been furnished to all persons, agencies, officials, or entities to which they are required to be furnished under Section 59, Article XVI, Texas Constitution, and Chapter 313, Government Code.

(b) The governor, one of the required recipients, has submitted the notice and Act to the Texas Commission on Environmental Quality.

(c) The Texas Commission on Environmental Quality has filed its recommendations relating to this Act with the governor, lieutenant governor, and speaker of the house of representatives within the required time.

(d) The general law relating to consent by political subdivisions to the creation of districts with conservation, reclamation, and road powers and the inclusion of land in those districts has been complied with.

(e) All requirements of the constitution and

existing improvement project only if the district obtains written consent from the governing body of the city.

Sec. 3954.202. ELECTIONS REGARDING TAXES AND BONDS.

Sec. 3954.203. TAXES FOR BONDS.

Sec. 3954.204. OPERATION AND MAINTENANCE TAX.

Sec. 3954.205. CONTRACT TAXES.

SUBCHAPTER F. DISSOLUTION

Sec. 3954.251. DISSOLUTION BY CITY ORDINANCE.

Sec. 3954.252. COLLECTION OF ASSESSMENTS AND OTHER REVENUE.

Sec. 3954.253. ASSUMPTION OF ASSETS AND LIABILITIES.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.

laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act have been fulfilled and accomplished.

SECTION 4. (a) Section 3954.106, Special District Local Laws Code, as added by Section 1 of this Act, takes effect only if this Act receives a two-thirds vote of all the members elected to each house.

(b) If this Act does not receive a two-thirds vote of all the members elected to each house, Subchapter C, Chapter 3954, Special District Local Laws Code, as added by Section 1 of this Act, is amended by adding Section 3954.106 to read as follows:

Sec. 3954.106. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

(c) This section is not intended to be an expression of a legislative interpretation of the requirements of Section 17(c), Article I, Texas Constitution.

SECTION 5. This Act takes effect September 1, 2017.

SECTION 4. Substantially the same as introduced version.

SECTION 5. Same as introduced version.