

SUBJECT: Modifying public improvement districts in certain counties

COMMITTEE: County Affairs — committee substitute recommended

VOTE: 7 ayes — W. Smith, Naishtat, Bolton, Coleman, Farabee, Harless, Heflin
0 nays —
2 absent — Leibowitz, T. Smith

WITNESSES: For — Marcus C. Moreno, Laredo 3009 Ltd; Stephen Robinson, Allen Boone - Humpries Robinson LLP
Against — None

BACKGROUND: Local Government Code, ch. 372, subch. C allows a county with a population greater than 825,000 to create a public improvement district (PID) and manage an economic development project within a district. A county may not delegate to a PID the power to engage in infrastructure improvements or provide water, wastewater, or drainage facilities unless both the municipality and county consent to this by resolution. A county may enter into an agreement to make a grant or loan of public money to promote state or local economic development and to stimulate business and commercial activity in the territory where the economic development project is located, or in the PID, including a grant or loan to induce the construction of a tourist attraction. A commissioners court can authorize a district to impose a sales and use tax following necessary voter approval.

Current statutory regulations prohibit counties with fewer than 825,000 residents from engaging in economic development as provided by ch. 372, subch. C. This provision bars Comal County from engaging in economic development activities associated with a master-planned residential community in the extraterritorial jurisdiction of Bexar County.

DIGEST: CSHB 3954 would amend ch. 372, subch. C to expand the applicability of the chapter to include a county with a population greater than 70,000 adjacent to a county larger than 825,000 in which a municipality with a population of 35,000 or more is primarily situated and includes a part of

the extraterritorial jurisdiction of a municipality with a population greater than 1.1 million (Comal County). A PID could be created in the county described only in an area containing at least 2,000 contiguous acres of land that was located in the extraterritorial jurisdiction of a municipality with a population greater than 1.1 million (San Antonio's ETJ). The bill would strike a provision limiting the issuance of bonds to PIDs containing over 1,000 people.

The bill would add provisions requiring a ballot for a sales tax election as provided by the chapter to be printed with specific language. A tax authorized at an election would have to be less than or equal to the rate printed in the proposition.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.