

SUBJECT: Creating the Brazoria County Management District No. 1

COMMITTEE: Special Purpose Districts — committee substitute recommended

VOTE: 7 ayes — Murphy, Perez, Bell, Cortez, Cospers, Lang, Schubert
0 nays

WITNESSES: For — Howard Cohen, Southeast Properties, Ltd.; (*Registered, but did not testify*: Bill Liles, Legacy Trust Company; Justin Bragiel, Texas Hotel and Lodging Association)

Against — None

BACKGROUND: Local Government Code, ch. 375 establishes certain regulations for the creation of a municipal management district (MMD). To create a MMD, the Texas Commission on Environmental Quality must receive a petition signed by the owners of a majority of the assessed value of real property in the proposed district or by 50 people who own real property in the proposed district. A MMD is created to supplement certain services of a municipality, including promoting employment, economic development, and public welfare. A district is not authorized to exercise the power of eminent domain.

DIGEST: CSHB 2332 would create the Brazoria County Management District No.1, a municipal management district (MMD) to pursue goals including the promotion, development, and maintenance of employment, commerce, transportation, housing, tourism, and recreation.

Creation and governance. The owners of a majority of the assessed value of the real property in the proposed district could submit a petition to the Texas Commission on Environmental Quality requesting that it appoint five temporary directors. The temporary directors would hold an election to confirm the creation of the Brazoria County Management District and to elect a board of five directors with staggered four-year terms to govern the district. Directors would be entitled to up to \$150 per

day worked, not to exceed \$7,200 annually.

Powers of the district. The MMD would have powers including the provision, construction, improvement, and operation of an improvement project or service, using money available to the district. An improvement project could be located inside or outside the district. The board could not finance a service or improvement project unless a written petition signed by the owners of a majority of the assessed value of real property in the district was submitted.

The district would have the authority to annex land by petition, develop recreational facilities, maintain roads and storm drainage, employ peace officers, or create a nonprofit corporation to assist in certain projects, within certain regulations.

The Brazoria County Management District would not have the power of eminent domain.

Taxing authority. The MMD could levy a property tax or a sales and use tax, if authorized by an election. The district could issue bonds, notes, and other obligations secured by property tax revenue or contract payments without an election.

If authorized by election, the district also could impose an annual operation and maintenance tax for operation, construction, or service costs. The rate could not exceed the rate approved by election. The district also could impose a tax other than an operation and maintenance tax to make payments under a contract approved by district voters.

The MMD could impose a hotel occupancy tax of 7 percent or at a rate equal to the addition of all hotel occupancy tax rates imposed on the territory plus 2 percent, whichever was less.

Notice requirements. The bill would specify that legal notice of the bill was furnished to all persons, agencies, officials, and entities to which notice was required.

Effective date. CSHB 2332 would take effect immediately if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2017.

**SUPPORTERS
SAY:**

CSHB 2332 would create the Brazoria County Management District No. 1, which would promote and maintain local employment, economic development, and public welfare by constructing high-quality infrastructure. Specifically, the district would help develop a master planned community in the extraterritorial jurisdiction of the city of Alvin, which has stated that it has no objection to the creation of the district. The bill uses standard language for creating a municipal management district, which would give clarity to the process of creating this special district.

Municipal management districts, which qualify as true political subdivisions of the state, are efficient forms of local government necessary for construction in the unincorporated areas of a county. These areas often do not have access to other government entities or services to perform this function. Infrastructure would only be financed by the taxpayers who benefit from the construction. Residents of the city or county would not subsidize those costs.

**OPPONENTS
SAY:**

CSHB 2332 essentially would create a quasi-city government on top of an existing city, unnecessarily increasing the size and scope of government. Municipal management districts have the ability to tax and annex land for development and promotion of commerce and arts. This is not a proper role of government, and the private sector should form organizations for these purposes instead.

NOTES:

A companion bill, SB 1100 by L. Taylor, was scheduled for a public hearing today in the Senate Committee on Intergovernmental Relations.