

SUBJECT: Creating the Lancaster Logistics District

COMMITTEE: Urban Affairs — committee substitute recommended

VOTE: 7 ayes — Cortez, Bernal, Campos, Jarvis Johnson, Minjarez, Morales
Shaw, Slaton

1 nay — Gates

1 absent — Holland

WITNESSES: None

BACKGROUND: It has been suggested that an area within the City of Lancaster would benefit from the creation of a special district to encourage economic development.

DIGEST: CSHB 4653 would create the Lancaster Logistics District and establish its purposes, structure, and powers.

Purposes. The district would:

- promote the health, safety, and general welfare of residents, employers, employees, visitors, and consumers in the district and of the general public;
- provide needed funding to preserve, maintain, and enhance the economic health and vitality of the district's territory as a community and business center; and
- promote the health, safety, welfare, and enjoyment of the public by improving and developing certain areas in or adjacent to the district and providing public services and facilities for scenic beauty purposes.

Board of directors. The district would be governed by a board of seven directors serving staggered four-year terms. The mayor and other members of the city of Lancaster's governing body by majority vote

would have to appoint as voting directors:

- the mayor of the city;
- two members of the city council;
- the city's city manager;
- the city's finance director;
- the city's economic development director; and
- the director of a Type B economic development corporation authorized by the city.

Directors would not be entitled to receive fees of office.

Powers and duties. The district would have the powers and duties necessary to accomplish its purposes, including the powers given under the Local Government Code to a Type B development corporation, municipal development district, or public improvement district and the powers provided by law to conservation and reclamation districts and road and road utility districts. The district also would have the power to:

- establish a nonprofit corporation to assist the district in implementing a project or providing a service;
- make an agreement with or accept a gift, grant, or loan from any person;
- contract with a qualified party to provide law enforcement services in the district;
- join and pay dues to a charitable or nonprofit organization that performed a service or provided an activity consistent with a district purpose;
- engage in economic development activities, including the establishment of programs to make loans and grants of public money and provide district personnel and services;
- acquire, lease, construct, and operate parking facilities; and
- contract with a governmental or private entity to carry out a district power or duty or accomplish a district purpose.

The district expressly would not have the power of eminent domain.

Improvement projects. The district could provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service using any money available to the district. The district also could contract with a governmental or private entity and reimburse that entity for improvement project activities and other district purposes. Improvement projects could be located inside or outside the district.

Financial authority. The district could:

- borrow money for a district purpose without holding an election by issuing bonds, notes, or other obligations, by entering into a contract or other agreement payable from district revenue, or a combination of these sources;
- impose an assessment on property in the district to pay for an obligation or improvement project;
- impose an impact fee on property in the district according to the benefit received by the property;
- establish and collect rates, fees, and charges for the use of improvement projects, their resulting products, or another district facility, service, or property; and
- establish user charges related to various public services.

Taxes and bonds. The district would have to hold an election in the manner specified under current law in order to obtain voter approval before imposing a property tax or issuing bonds payable from property taxes. Upon voter approval, the district also could impose an operation and maintenance tax on taxable property in the district.

In addition, the district could impose a tax other than an operation and maintenance tax and use the revenue to make payments under a voter-approved contract.

The district could not issue a bond without the consent of the city by ordinance or resolution.

The district could adopt, increase, reduce, or repeal a sales and use tax if authorized by a majority of district voters at an election called by the board for such a purpose. The board could not adopt or increase a sales and use tax if doing so would cause the combined rate of all local sales and use taxes in any location in the district to exceed 2 percent.

The district also could follow alternative procedures for imposing a sales and use tax under provisions of the Local Government Code related to county development districts.

Dissolution. The board could dissolve the district and would be required to do so on receipt of a written petition requesting dissolution signed by the owners of 75 percent of the acreage of real property in the district.

The board could not dissolve the district until its outstanding indebtedness or contractual obligations had been repaid or discharged.

After dissolution, the board would be required to transfer ownership of all district property and assets to the city of Lancaster. The city would assume the obligations of the district, including any bonds or other debt payable from district revenue, and the rights and powers of the district to collect revenue to pay the bonds or debt.

The bill would take effect September 1, 2021.