

## **BILL ANALYSIS**

Senate Research Center

S.B. 26  
By: Galloway  
Intergovernmental Relations  
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As Filed

### **DIGEST**

Currently, there is no provision in the law providing that the Town Center Improvement District of Montgomery County, Texas (district) is not subject to the jurisdiction or supervision of the Texas Natural Resource Conservation Commission. S.B. 26 would create and set forth the administration of the by making certain changes regarding the administration, powers, operations, and financing of the district.

### **PURPOSE**

As proposed, S.B. 26 outlines provisions, authorizes a tax, and grants the authority to issue bonds regarding the Town Center Improvement District of Montgomery County, Texas.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the board of directors of the Town Center Improvement District of Montgomery County, Texas, under SECTION 7 (Sections 11A(b), Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993) and the Town Center Improvement District of Montgomery County, Texas under and SECTION 7 (Sections 11A(c), Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 1, Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, by adding Subsection (f), to provide that the Town Center Improvement District of Montgomery County (district) is not subject to the jurisdiction or supervision of the Texas Natural Resource Conservation Commission (commission) under Chapter 49, Water Code, or other law, except as otherwise provided by this Act.

SECTION 2. Amends Section 2, Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, to define "commission" and redefine "improvement project." Makes a conforming change.

SECTION 3. Amends Section 6(a), Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, to provide that the district has all rights, powers, privileges, authority, and functions conferred by Chapters 49 and 54, Water Code, and Chapter 441, Transportation Code, rather than Chapter 13, Acts of the 68th Legislature, 2nd Called Session, 1984 (Article 6674r-1, V.T.C.S.).

SECTION 4. Amends Section 7, Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, to authorize the board of directors of the district (board), subject to the provisions and limitations hereinafter, to set forth certain additional powers and duties. Makes nonsubstantive changes.

SECTION 5. Amends Sections 8(b), (c), (e), and (k), Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, to set forth requirements for a person to be qualified to serve as an initial board director (director), except as provided by Subdivisions (2) and (3) of this subsection. Provides that one individual appointed by the board of directors of The Woodlands Community Association, Inc., among others, is required to constitute the initial board and serve as provided in this Act on the effective date of this Act. Sets forth requirements and outlines provisions regarding the filing of a vacancy in the office of director and the removal of a director. Requires a person who qualifies to serve on the board, rather than under Subsection (b) of this section, to be qualified to serve as a

director and participate in all votes pertaining to the business of the district regardless of any common law doctrine or any statutory conflict-of-interest, incompatibility, or similar provision, rather than provisions, to the contrary.

SECTION 6. Amends Section 11, Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, by amending Subsection (h) and adding Subsection (j), to set forth instances in which the sales and use tax imposed by the district in annexed or incorporated territory is required to be reduced such that the combined rate of sales and use taxes imposed by the county, the municipality, rather than the annexing municipality, and all other political subdivisions within the annexed or incorporated territory of the district will not exceed two percent. Provides that the district is entitled to examine and receive information related to the levy, assessment, and collection of sales and use taxes to the same extent as if the district were a municipality.

SECTION 7. Amends Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, by adding Sections 11A and 11B, as follows:

Sec. 11A. HOTEL OCCUPANCY TAX. Defines "hotel." Outlines provisions regarding a hotel occupancy tax.

Sec. 11B. USE OF HOTEL OCCUPANCY TAX PROCEEDS. Sets forth requirements and outlines provisions regarding the use of hotel occupancy tax proceeds.

SECTION 8. Amends Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, by adding Section 12A, as follows:

Sec. 12A. BONDS. Authorizes the board to issue bonds in the manner provided by Chapter 375J, Local Government Code. Provides that Sections 375.207 and 375.208, Local Government Code, do not apply to bonds issued under this section. Requires the district to obtain the commission's approval in the manner provided by Chapter 49, Water Code, if the district issues bonds for the primary purpose of providing water, sewage, or drainage facilities. Provides that the bonds of the district are authorized to be secured and made payable, wholly or partly, by a pledge of any part of the net proceeds the district receives from a specified portion, but not more than one-half percent, of the sales and use tax authorized by Section 11 of this Act, the hotel occupancy tax authorized by Section 11A of this Act, and repayments the district receives from a municipality because of a required reduction of the district's sales and use tax in addition to the sources of money described by Chapter 375J, Local Government Code.

SECTION 9. Amends Section 14, Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, by adding Subsection (d), to prohibit the district from being dissolved by a municipality in which the district is located.

SECTION 10. Repealer: Section 12, Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993 (Limitations On Indebtedness).

SECTION 11. (a) Provides that the proper and 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 by the constitution and other laws of this state, including the governor, who has submitted the notice and Act to the commission.

(b) Provides that the commission has filed its recommendations relating to this Act with the governor, lieutenant governor, and speaker of the house of representatives within the required time.

(c) Provides that all requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 12.           Emergency clause.  
                  Effective date: upon passage.