

BILL ANALYSIS

Senate Research Center

S.B. 658
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State Affairs
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As Filed

DIGEST

Currently, the County Development District Law was adopted by the legislature in 1995 as part of the law extending the authority of local governmental to enter into tax abatement agreement to foster economic development. This law authorizes the commissioners court of any county with less than 400,000 population to create a county development district (district) at the request of a landowner. The district performs certain functions within the community that it serves, including authorizing a sales tax at a rate not to exceed one-half of a cent. This bill creates districts in certain counties and authorizes the issuance of bonds and the imposition of ad valorem taxes.

PURPOSE

As proposed, S.B. 658 creates county development districts in certain counties and authorizes the issuance of bonds and the imposition of ad valorem taxes by a county development district.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the commissioners court in SECTION 5 (Section 312.634(c), Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 312.604, Tax Code, to redefine "bonds" and define "visitors."

SECTION 2. Amends Section 312.610(a), Tax Code, to require the order creating the county development district (district) to become final and nonappealable and all of the findings included in the order entered by the commissioners court shall become incontestable under certain conditions. Authorizes the district to exercise any right, power, or authority granted to it in a manner deemed necessary or appropriate by the board of directors of a county development district (board) after the order creating a district becomes final. Requires the commissioners court to have the right to include property in more than one district, with the prior written consent of the holder of fee simple title to the property. Makes a nonsubstantive change.

SECTION 3. Amends Section 312.625(a), Tax Code, to require the board to designate and establish an office in the county and to authorize the board to establish an office outside the county.

SECTION 4. Amends Section 312.626, Tax Code, to provide that a director is entitled to receive fees of office and reimbursement of expenses established by the board, but not to exceed those authorized by Section 49.060, Water Code. Provides that Section 375.067, Local Government Code, applies only to directors of a district created under this subchapter. Deletes Sections 375.069 and 375.070, Local Government Code, from the provisions of this section.

SECTION 5. Amends Section 312.634, Tax Code, as follows:

Sec. 312.634. New heading: ISSUANCE OF BONDS, NOTES, AND OTHER OBLIGATIONS. Authorizes the district to issue bonds, notes, and other obligations for the purpose of defraying all or part of the cost of any project as authorized by this subchapter or for the purpose of defraying all or part of the cost of exercising certain functions granted to the district by this subchapter or by Chapter 375, Local Government Code, including, but not

limited to, certain functions set forth in certain sections. Deletes a provision requiring Sections 375.201 through 375.208 from applying to a district created under this subchapter to the extent not inconsistent with this subchapter. Requires the district to have the authority to impose an ad valorem tax for maintenance and operation for the purpose of repaying bonds issued by the district, other than certain purposes, and for the purpose of making contract payments in compliance with the election requirements which apply to a water control and improvement district created pursuant to Chapter 51, Water Code. Requires the board to exercise the authority granted to the commissioners court in elections to authorize the use of ad valorem taxes for certain purposes. Authorizes the commissioners court, by resolution, to specify whether the district will be subject to Section 375.208, Local Government Code.

SECTION 6. Amends Chapter 312D, Tax Code, by adding Section 312.641, as follows:

Sec. 312.641. DIVISION OF DISTRICTS. Authorizes a district to be divided into two or more districts if it has no outstanding bonded debt and is not levying ad valorem taxes. Authorizes the board to order a special election for the division of the district on its own motion. Requires the order to set forth the metes and bounds of the proposed new districts. Requires the division election to be called, conducted, and canvassed and notice of the election to be given by the board in a manner as specified for bond elections by water control and improvement districts, all in accordance with Chapter 51, Water Code, and the Election Code. Requires the board to include a statement that if the election results in division of the district, the new districts are required to each be governed by a board of five directors elected in the same election. Requires the board to furnish the ballots and election supplies necessary to hold the election from district funds. Requires the board to appoint a presiding judge and other election officials in certain manner. Requires the presiding judge to make out and deliver the returns to the board, and requires the board to canvass the returns and declare the result immediately after the election is held. Requires the five candidates for the board of directors receiving the most votes in each new district to be declared elected. Requires the elected directors to immediately qualify by taking the constitutional oath of office and to file the oath with the county clerk. Requires the board of the original district to appoint persons to serve as directors under certain conditions. Provides that each district created by the division of an existing district into two or more districts has all of the powers and duties given by this subchapter, and incorporated by reference by this subchapter, to county development districts. Provides that each new district is a conservation and reclamation district created under Section 59, Article XVI, Texas Constitution, and is authorized to convert into a water control and improvement district and continue to exercise all necessary specific powers under any specific conditions under which the district was operating before conversion. Authorizes the procedure for dividing into two or more districts to be utilized as many times as the board deems appropriate.

SECTION 7. Provides that all orders of a commissioners court creating a county development district under Section 312.610, Tax Code, entered prior to January 1, 1997, which have not been made the subject of a lawsuit prior to June 3, 1997, are hereby determined to be final and nonappealable and all findings included in such orders entered by a commissioners court are required to be incontestable.

SECTION 8. Emergency clause.
Effective date: upon passage.