

BILL ANALYSIS

Senate Research Center

C.S.S.B. 658
By: Cain
State Affairs
4-21-97
Committee Report (Substituted)

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, C.S.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 Chapter 312D, Tax Code, by adding Section 312.6065, as follows:

Sec. 312.6065. CONSENT OF MUNICIPALITY. Provides that no land within the corporate limits of a municipality of within the extraterritorial jurisdiction of a municipality shall be included in a county development district (district) unless the municipality grants its consent in a certain manner. Requires the petitioners for creation of a district to submit to the governing body of the municipality a petition for consent to creation of a district. Requires the government body of the municipality to conduct a public hearing within a certain time period. Requires the notice of the public hearing to be mailed to certain persons and to be published in a certain newspaper.

SECTION 3. Amends Section 312.608, Tax Code, to require the notice of the hearing to be mailed to the petitioner, the holders of fee simple title of all the land in the proposed district, rather than the developer who signed the petition and the landowner of all the land in the district, and certain municipalities.

SECTION 4. Amends Section 312.610(a), Tax Code, to authorize, rather than require, the commissioners court, rather than require, by a certain vote, to find and enter an order creating the district. Requires the order creating the district to become final and nonappealable and all of the findings included in the order entered by the commissioners court to become incontestable under certain conditions. Requires certain orders entered by the commissioners court by a certain date and not made the subject of a lawsuit by a certain date to be incontestable. Authorizes the district to exercise all forms of authority granted to it in a certain manner after the order creating the district becomes final. Requires the commissioners court to have certain rights regarding the district.

SECTION 5. Amends Section 312.620, Tax Code, to provide that certain persons are disqualified from serving as a director under this section.

SECTION 6. Amends Section 312.625(a), Tax Code, to require the board of directors of a county development district (district) to designate and establish an office in the county and to authorize the board to establish an office outside the county.

SECTION 7. 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 8. Amends Sections 312.637(a) and (c), Tax Code, to authorize the district to levy a sales and use tax under certain circumstances including if the combined rate of all local sales and use taxes imposed by the county and political subdivisions having territory in the district will not exceed two percent. Provides that the sales and use tax, if adopted by the district, counts, rather than does not count, toward the two percent limitation imposed by this section and Chapter 323 on any sales and use tax that has been levied by the county. Deletes Section 323.101(e) from the provisions of Subsection (c).

SECTION 9. Amends Section 312.638(a), Tax Code, to authorize a petition to be filed with the commissioners court requesting that the land described in the petition be added to or excluded from the boundaries of the district. Requires the petition to set forth certain information.

SECTION 10. Amends Section 312.639, Tax Code, by adding Subsections (e), (f) and (g), to require the commissioners court to order a dissolution referendum under certain conditions. Requires the ballot to be printed to permit voting for or against the proposition in a certain manner depending on whether or not all the liabilities of the district and all liabilities associated with the district have been retired.

SECTION 11. Amends Chapter 312D, Tax Code, by adding Sections 312.641 and 312.642, as follows:

Sec. 312.641. DIVISION OF DISTRICTS IN CERTAIN COUNTIES. Sets forth provisions regarding the division of districts in certain counties.

Sec. 312.642. DISSOLUTION OF DORMANT DISTRICT. Sets forth provisions regarding the dissolution of dormant districts.

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

SUMMARY OF COMMITTEE CHANGES

Amends the relating clause.

SECTION 1.

Amends Section 312.604, Tax Code, to redefine "bonds" to include lease purchase contracts.

Adds new SECTIONS 2-5.

SECTION 2.

Amends Chapter 312D, by adding Section 312.6065, relating to consent of a municipality.

SECTION 3.

Amends Section 312.608, Tax Code, to require the notice of a hearing to be mailed to certain persons and municipalities.

SECTION 4.

Amends Section 312.610, Tax Code, to include provisions relating to an order creating an district.

SECTION 5.

Amends Section 312.620, Tax Code, relating to the disqualification of directors.

Redesignates proposed SECTIONS 3-4 as new SECTIONS 6 and 7. Deletes proposed SECTION 8 and renumbers subsequent sections accordingly.

SECTION 8.

Amends Sections 312.637(a) and (c), Tax Code, to make certain changes relating to district sales and use taxes.

SECTION 9.

Amends Section 312.638(a), Tax Code, to set forth certain procedures to be followed before the board issues bonds.

SECTION 10.

Amends Section 312.639, Tax Code, by adding Subsections (e), (f), and (g), relating to a petition filed under this section, all liabilities of the district, and the composition of a ballot regarding the status of the liabilities.

SECTION 11.

Amends Chapter 312D, Tax Code, by amending proposed Section 312.641 to make nonsubstantive changes and by adding Section 312.642, relating to the dissolution of dormant districts.

Adds SECTION 12 to set forth the emergency clause and the effective date.