Senate Research Center   H.B. 2894
By: Coleman (Ellis)
Intergovernmental Relations
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Engrossed

DIGEST

Currently, Midtown Houston is being revitalized by the Midtown Redevelopment Authority, in conjunction with a tax increment reinvestment zone established by the city. This bill would create the Midtown Management District and authorize the district to impose a tax and issue bonds.

PURPOSE

As proposed, H.B. 2894 creates the Midtown Management District and authorizes the district to impose a tax and issue bonds.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 376, Local Government Code, by adding Subchapter H, as follows:

SUBCHAPTER H. MIDTOWN MANAGEMENT DISTRICT

Sec. 376.301. CREATION OF DISTRICT. Provides that the Midtown Management District (district) is created as a special district under Section 59, Article XVI, Texas Constitution. Authorizes the board of directors of the district (board) to change the name of the district. Provides that the creation of the district is essential to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution.

Sec. 376.302. DECLARATION OF INTENT. Sets forth the declaration of intent relating to the creation of the district.

Sec. 376.303. DEFINITIONS. Defines "board," "county," "district," "municipality," and "utility."

Sec. 376.304. BOUNDARIES. Sets forth territory contained in the district.

Sec. 376.305. FINDINGS RELATING TO BOUNDARIES. Sets forth findings relating to the boundaries.

Sec. 376.306. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. Sets forth the findings relating to public benefit and purpose. Provides that the district will not act as the agent as or instrumentality of any private interest even though many private interests will benefit by the district, as will the general public.

Sec. 376.307. APPLICATION OF OTHER LAW. Provides that Chapter 375 applies to the district.

Sec. 376.308. LIBERAL CONSTRUCTION OF SUBCHAPTER. Requires the subchapter to be liberally construed in conformity with the findings and purposes stated in this subchapter.

Sec. 376.309. BOARD OF DIRECTORS IN GENERAL. Provides that the district is governed by a 17 member board whose members serve terms of four years, eight of which expire on June 1 of an odd-numbered year and nine of which expire on June 1 of an even-numbered year.

Requires each member of the board of directors (director) to receive compensation as provided by Section 49.060, Water Code.

Sec. 376.310. APPOINTMENT OF DIRECTORS. Sets forth procedures for the appointment of directors.

Sec. 376.311. EX OFFICIO BOARD MEMBERS. Requires directors of specified departments, the chief of police of the municipality, the county's general manager of the Metropolitan Transit Authority, and the presidents of any institution of higher learning located in the district, to serve as ex officio board members. Sets forth a procedure for reappointing a director of a department required to be an ex officio member whose department has been consolidated, renamed, changed, or abolished. Authorizes the board to appoint the presiding officer of a nonprofit corporation that is actively involved in activities in the municipality's midtown area to serve as a nonvoting ex officio director.

Sec. 376.312. CONFLICTS OF INTEREST; ONE-TIME AFFIDAVIT. Authorizes a director to participate in all board votes and decisions, and provides that Chapter 171 governs conflicts of interest for board members, except as provided in this section. Provides that Section 171.004 does not apply to the district. Requires a director who has a substantial interest in a business or charitable entity with will receive a pecuniary benefit from a board action to file a one-time affidavit declaring the interest and provides that an additional affidavit is not required if such an interest changes. Authorizes the director to participate in a discussion or vote on that action under certain conditions, after the affidavit is filed with the board secretary. Prohibits a director who is an officer or employee of a public entity from participating in the discussion of or vote on a matter regarding a contract with that same public entity. Establishes the criteria for a substantial interest in a charitable entity.

Sec. 376.313. ADDITIONAL POWERS OF DISTRICT. Authorizes the district to exercise powers given to a corporation created under Section 4B, Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.). Authorizes the district to exercise the powers given to a housing finance corporation created under Chapter 394 to provide housing or residential development projects in the district.

Sec. 376.314. AGREEMENTS: GENERAL; DONATIONS, INTERLOCAL AGREEMENTS, AND LAW ENFORCEMENT SERVICES. Authorizes the district to make an agreement with or accept a donation, grant, or loan from any person. Provides that the implementation of a project is a governmental function or service for the purposes of Chapter 791, Government Code. Authorizes the district to contract with certain governmental bodies to provide law enforcement services.

Sec. 376.315. NONPROFIT CORPORATION. Authorizes the board to authorize the creation of a nonprofit corporation to assist the district in implementing a project or providing a service authorized by this subchapter. Requires the board to appoint the board of directors of a nonprofit corporation (nonprofit board) created under this section. Sets forth duties, powers, and authorizations of the nonprofit board.

Sec. 376.316. ANNEXATION. Authorizes the district annex territory as provided by Chapter 375C and territory located inside the boundaries of a reinvestment zone provided that the governing body of the municipality consents.

Sec. 376.317. PETITION REQUIRED FOR FINANCING SERVICES AND IMPROVEMENTS. Prohibits the board from financing a service or improvement project without a written petition, required to be signed by certain persons, and filed with the board.

Sec. 376.318. ELECTIONS. Requires the district to hold an election to obtain voter approval before imposing a maintenance tax or issues bonds payable from ad valorem taxes or assessments. Authorizes the board to include more than one purpose in a single proposition at an election.

Sec. 376.319. MAINTENANCE TAX. Authorizes the district, if authorized at an election held in accordance with Section 376.318, to impose and collect an annual ad valorem tax on taxable property in the district. Requires the board to determine the tax rate.

Sec. 376.320. CERTAIN RESIDENTIAL PROPERTY IN NOT EXEMPT. Prohibits the board from exempting a single-family residential property from an impact fee, assessment, or tax imposed under this subchapter. Provides that Sections 375.161 and 375.164 do not apply to the district.

Sec. 376.321. UTILITIES. Prohibits the district from imposing an assessment or impact fee on a utility's property.

Sec. 376.322. DISBURSEMENTS OR TRANSFERS OF FUNDS. Requires the board to establish the number of directors' signatures and the procedure required for a disbursement or transfer of the district's money.

Sec. 376.323. COMPETITIVE BIDDING LIMIT. Provides that Section 375.221 does not apply to the district unless the contract is for more than $25,000.

Sec. 376.324. EXCEPTION FOR DISSOLUTION OF DISTRICT WITH OUTSTANDING DEBTS. Authorizes the board to vote to dissolve a district that has debt. Requires a district to remain in existence for the limited purpose of discharging debts, if the vote is in favor of dissolution. Provides that the dissolution is effective when debts have been discharged. Provides that Section 375.264 does not apply to the district.

SECTION 2. Provides that the legislature finds that all procedures, provisions, publications, and requirements relating to the passage of this Act have been completed and met.

SECTION 3. Sets forth the initial membership of the board and the terms of the initial directors.

SECTION 4. Emergency clause.
Effective date: upon passage.