

## **BILL ANALYSIS**

Senate Research Center  
76R5377 CMR-F

S.B. 1684  
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As Filed

### **DIGEST**

Currently, municipal management districts are authorized by general law to issue bonds for a variety of purposes and to make such bonds payable out of a combination of revenue sources. However, the East Montgomery County Improvement District (district) was not authorized in its enabling legislation to issue bonds until the viability and effectiveness of the district had been demonstrated and until a procedure for the orderly payment and discharge of bonded indebtedness secured by sales tax revenues was adopted. The district has been active for approximately two years; it implemented and maintained a variety of highly successful community service, safety, and crime prevention programs; it demonstrated the financial and administrative capabilities of the district; and is presently in need of the ability to finance capital improvement projects through the issuance of the district bonds. S.B. 1684 would authorize the district to contract for the lease, operation, and management of improvement projects for the district; issue bonds for all other municipal management districts; and eliminate the requirement that funds collected within the boundaries of the district be expended outside the district.

### **PURPOSE**

As proposed, S.B. 1684 sets forth provisions for the operation of the East Montgomery County Improvement District.

### **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 Section 16, Chapter 1316, Acts of the 75th Legislature, Regular Session, 1997, by adding Subsection (d), to authorize the East Montgomery County Improvement District (district) to issue bonds and lease, acquire, or construct a building or facility as provided by Chapter 380, Local Government Code, as if the district was a municipality; and establish and administer a program as provided by Article 835s, V.T.C.S., as if the district was a home-rule municipality with a population of more than 100,000.

SECTION 2. Amends Chapter 1316, Acts of the 75th Legislature, Regular Session, 1997, by adding Section 30A, as follows:

Sec. 30A. BONDS. Authorizes the board of directors of the district to issue bonds as provided by Chapter 375J, Local Government Code. Authorizes the bonds issued by the district 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 of no more than one-half of the maximum sales and use tax amount authorized and approved by voters of the district under Section 22 of this Act, and repayments the district receives from a municipality because of a required reduction of the district's sales and use tax. Provides that Sections 375.207 and 375.208, Local Government Code, do not apply to bonds issued under this section.

SECTION 3. Repealers: Section 29, Chapter 1316, Acts of the 75th Legislature, Regular Session, 1997 (Application of certain tax proceeds) and Section 30, Chapter 1316, Acts of the 75th Legislature, Regular Session, 1997 (Limitation on indebtedness).

SECTION 4. Effective date: September 1, 1999.

SECTION 5. Emergency clause.

