

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 276  
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Intergovernmental Relations  
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Committee Report (Substituted)

### **DIGEST**

Currently, there is no entity in place to help improve economic development opportunities in the East End area of the City of Houston, one of the oldest and most historic districts in Texas. This bill creates the Greater East End Management District to assist area businesses by building and maintaining additional infrastructure, improving the safety of the area, coordinating job training and workforce development, and providing authority to impose a tax and issue bonds.

### **PURPOSE**

As proposed, C.S.S.B. 276 creates the Greater East End Management District, and provides the authority to issue bonds and impose a taxes to that entity.

### **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 G, as follows:

#### **SUBCHAPTER G. GREATER EAST END MANAGEMENT DISTRICT**

Sec. 376.261. **CREATION OF DISTRICT.** Creates a special district, the “Greater East End Management District” (district), which exists as a governmental agency, body politic and corporate, and political subdivision of the state. Authorizes the name of the district to be changed by resolution of the board of directors of the district (board). Establishes that the creation of the district is essential to accomplish the purposes of Section 52, Article III, Section 59, Article XVI, and Section 52-a, Article III, Texas Constitution, and other public purposes stated in this subchapter.

Sec. 376.262. **DECLARATION OF INTENT.** Provides that the creation of the district is necessary to accomplish certain goals in the Greater East End area of the city of Houston. Establishes that the creation of the district is not to be interpreted as relieving the county or the municipality from providing a certain level of services as of the effective date of this subchapter. Provides that the district is created to supplement and not supplant provided municipal or county services in the area. Establishes that the legislature has established a program to accomplish the public purposes set out in Section 52-a, Article III, Texas Constitution, with the creation of the district and in authorizing the municipality, county, and other political subdivisions to contract with the district.

Sec. 376.263. **DEFINITIONS.** Defines “board,” “county,” “district,” “municipality,” and “utility.”

Sec. 376.264. **BOUNDARIES.** Sets forth the legal boundaries of the district, excepting from the district all tracts or parcels of land, rights-of-way, facilities, and improvements owned by a utility.

Sec. 376.265. **FINDINGS RELATING TO BOUNDARIES.** Provides that the boundaries and field notes of the district form a closure. Provides that if a mistake is made in the field notes or in copying the field notes in the legislative process, the mistake does not affect the organization, existence, and validity of the district, certain rights of the district, or the legality or operation of the

district or its governing body.

Sec. 376.266. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. Provides that all the land and other property included in the district will be benefited by the improvements and services to be provided by the district under powers conferred by Section 52, Article III, Section 59, Article XVI, and Section 52-a, Article III, Texas Constitution, and other powers granted under this subchapter, and provides that the district is created to serve a public use and benefit. Sets forth the public purposes for the creation of this district. Requires the district to promote certain public purposes. Establishes that pedestrian ways, street lighting and landscaping, and street art objects are necessary components of a street and are considered a street or road improvement. Prohibits the district from acting as the agent or instrumentality of any private interest. Makes a nonsubstantive change.

Sec. 376.267. APPLICATION OF OTHER LAW. Provides that Chapter 375 applies to the district, except as otherwise provided by this subchapter.

Sec. 376.268. CONSTRUCTION OF SUBCHAPTER. Requires this subchapter to be liberally construed in conformity with the findings and purposes stated in this subchapter.

Sec. 376.269. BOARD OF DIRECTORS IN GENERAL. Provides that the district is governed by a board of 13 directors, and sets forth the terms of office for the board. Authorizes the board to increase or decrease the number of directors by resolution, within a prescribed range. Establishes that Chapter 375D applies to the board to the extent the subchapter does not conflict with this subchapter. Provides that an imposition of a tax, assessment, or impact fee requires a majority vote from the serving directors of the board. Authorizes the directors to vote on any matter authorized by Chapter 375D, and authorizes an action to be taken by the board only if it is approved in the manner prescribed by Chapter 375D.

Sec. 376.270. APPOINTMENT OF DIRECTORS; VACANCY. Requires the mayor and members of the governing body of the municipality to appoint directors from among the qualified persons recommended by the board. Requires a vacancy in the office of the director to be filled by the remaining members of the board by appointing a qualified person for the unexpired term.

Sec. 376.271. POWERS OF DISTRICT. Sets forth the powers of the district.

Sec. 376.272. EMINENT DOMAIN. Prohibits the district from exercising the power of eminent domain.

Sec. 376.273. EXPENSES AND LIABILITY FOR CERTAIN ACTIONS AFFECTING PROPERTY. Requires the district to take certain actions at the sole expense of the district, if the district requires a relocation, adjustment, raising, lowering, rerouting, or changing the grade or the construction of certain items. Requires the district to bear damages that are suffered by the owners of the facility or other property.

Sec. 376.274. RELATION TO OTHER LAW. Provides that if any provision of a law referenced in this subchapter is in conflict with or is inconsistent with this subchapter, this subchapter prevails. Establishes that any law referenced in this subchapter that is not in conflict or inconsistent with this subchapter is adopted and incorporated by reference.

Sec. 376.275. REQUIREMENTS FOR FINANCING SERVICES AND IMPROVEMENTS. Prohibits the board from financing services and improvement projects under this subchapter unless a written petition requesting those improvements or services has been filed with the board. Requires the petition to be signed by certain individuals.

Sec. 376.276. NONPROFIT CORPORATION. Authorizes the board, by resolution, to authorize the creation of a nonprofit corporation to assist and act on behalf of 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 created under this section. Requires the nonprofit corporation board of directors to serve in the same manner as, for the same term as, and on the conditions of the board of directors of a local government corporation created under Chapter 431, Transportation Code. Establishes that a nonprofit corporation created under this

section has the powers of and is considered for the purposes of this subchapter to be a local government corporation created under Chapter 431, Transportation Code. Authorizes a nonprofit corporation created under this section to implement any project and provide any services authorized by this subchapter.

Sec. 376.277. **DISBURSEMENTS OR TRANSFERS OF FUNDS.** Requires the board by resolution to establish the number of directors' signatures and the procedure required for disbursement or transfer of the district's money.

Sec. 376.278. **BONDS.** Authorizes the district to issue bonds or other obligations payable in whole or in part from ad valorem taxes, assessments, impact fees, revenues, grants, or other money of the district, or any combination of those sources of money, to pay for any authorized purpose of the district. Authorizes bonds or other obligations of the district to be issued in the form of bonds, notes, certificates of participation, or other obligations that are issued in the exercise of the district's borrowing power or not represented by an instrument but the transfer of which is registered on books maintained by or on behalf of the district. Authorizes the board to impose and collect an assessment under Chapter 375F, for any purpose authorized by this subchapter or by Chapter 375. Requires the district to obtain the municipality's approval of certain items or for certain actions. Authorizes the district to finance capital improvements and issue bonds specified in the budget without further municipal approval, if the district obtains the municipality's approval of a capital improvements budget for a specified period not to exceed five years. Requires the district to submit bonds and the record of proceedings of the district relating to the authorization of the bonds to the attorney general for approval as provided by Article 717K-8, V.T.C.S., before the district issues bonds.

Sec. 376.279. **ASSESSMENTS.** Authorizes the board to impose and collect an assessment for any purpose authorized by this subchapter. Sets forth assertions concerning assessments, reassessments, or assessments resulting from an addition to or correction of the assessment roll by the district, penalties, and interest on an assessment or reassessment, expenses of collection, and reasonable attorney's fees incurred by the district. Establishes that the lien is effective from the date of the resolution of the board levying the assessment until the assessment is paid. Authorizes the board to enforce the lien in the same manner that the board may enforce an ad valorem tax lien against real property.

Sec. 376.280. **PROPERTY EXEMPTED FROM TAX, FEE, OR ASSESSMENT.** Prohibits the district from imposing a tax, impact fee, or assessment on a residential property, multiunit residential property, or condominium. Prohibits the district from imposing an impact fee or assessment on the property, equipment, or facilities of a utility.

Sec. 376.281. **ELECTIONS.** Requires the district to hold an election, in addition to the required elections in Chapter 375L, to obtain voter approval of a maintenance tax or issuance of bonds payable from ad valorem taxes or assessments in the same manner as required under Chapter 375L. Authorizes the board to submit multiple purposes in a single proposition at an election.

Sec. 376.282. **IMPACT FEES.** Authorizes the district to impose an impact fee for an authorized purpose as provided by Chapter 375G.

Sec. 376.283. **MAINTENANCE TAX.** Authorizes the district to impose and collect an annual ad valorem tax on taxable property for maintenance and operation of the district, improvements by the district, or the provision of services, if authorized at an election. Requires the board to determine the tax rate.

Sec. 376.284. **WORKFORCE DEVELOPMENT SERVICES AND PROJECTS.** Requires the district, as soon as possible after its creation, to develop and implement a plan for workforce development services. Sets forth training programs, and other projects included in the services. Requires the district's initial plan to be for a certain period. Requires the district to allocate no less than three percent of its assessment revenues to these types of services during the initial five-year period. Authorizes the district to develop and implement additional plans under Subsection (a). Authorizes the district to take certain actions to assist in implementing this section.

Sec. 376.285. **DISSOLUTION OF DISTRICT.** Authorizes the district to be dissolved as

provided in Chapter 375M. Requires the district to remain in existence solely for the limited purpose of discharging its bonds or other obligations, if the district has debt and is dissolved.

Sec. 376.286. **CONTRACTS.** Authorizes the district to contract with the municipality or the county for the municipality or county to provide law enforcement services in the district for a fee. Authorizes the municipality, county, or another political subdivision of the state, to contract with the district to implement a project of the district or assist the district in providing the services authorized under this subchapter, without further authorization. Authorizes a contract under this subsection to contain certain terms. Authorizes the district to enter into a contract, lease, or other agreement with or accept grants to or from certain governmental entities and certain corporations and individuals. Authorizes the district to perform all acts necessary for the full exercise of the powers vested in the district on terms and for the period the board determines advisable.

Sec. 376.287. **INITIAL DIRECTORS.** Sets forth the names of the initial board of directors. Sets forth the terms of office for the board of directors. Provides that this section expires September 1, 2004. Makes a conforming change.

**SECTION 2.** Sets forth the findings of the legislature, providing that proper notice of the intention to introduce this Act was published as provided by law, and the notice and copy of this Act has been furnished to the required individuals and entities. Establishes that the Texas Natural Resource Conservation Commission has filed its recommendation concerning this Act with the proper authorities within the required time. Provides that the general law relating to consent by political subdivisions to the creation of certain districts and the inclusion of land in those districts has been complied with. Provides that all constitutional and legal requirements with respect to the notice, introduction, and passage of this Act are fulfilled.

**SECTION 3.** Emergency clause.

Effective date: upon passage.

## **SUMMARY OF COMMITTEE CHANGES**

Relating clause.

Amends the relating clause to provide authority to the Greater East End Management District to impose a tax and issue bonds, rather than authorizing the issuance of bonds and the imposition of taxes.

**SECTION 1.**

Amends Section 376.262, Local Government Code, to establish that the creation of the district is not to be interpreted as relieving the county or the municipality from providing a certain level of services as of the effective date of this subchapter. Makes a nonsubstantive change.

Amends Section 376.263, Local Government Code, to define “utility.”

Amends Section 376.264, Local Government Code, to except from the district all tracts or parcels of land, rights-of-way, facilities, and improvements owned by a utility.

Amends Section 376.266, Local Government Code, to make a nonsubstantive change.

Amends Section 376.269, Local Government Code, to provide that the district is governed by a board of 13 directors, rather than 12 directors, and redefines the terms of office for the board.

Amends Section 376.275, Local Government Code, to prohibit the board, rather than the district, from financing services and improvement projects under this subchapter unless a written petition requesting those improvements or services has been filed with the board.

Amends Section 376.278, Local Government Code, to authorize bonds or other obligations of the district to be issued in the form of bonds, notes, certificates of participation, or other obligations that are issued in the exercise of the district’s borrowing power or not represented by an

instrument but the transfer of which is registered on books maintained by or on behalf of the district.

Amends Section 376.280, Local Government Code, to prohibit the district from imposing an impact fee or assessment on the property, equipment, or facilities of a utility, rather than only an electric utility as defined by Section 31.002, Utilities Code.

Amends Section 376.284, Local Government Code, to require the district, as soon as possible after its creation, to develop and implement a plan for workforce development services, rather than require the district, as part of its first service plan, to participate in the establishment and implementation of job training, workforce education, and workforce development opportunities for a certain time period. Establishes that such services may include certain services, rather than establishes that such opportunities may include but are not limited to certain activities and programs. Requires the district's initial plan to be for a certain period. Requires the district to allocate no less than three percent of its assessment revenues to these types of services during the initial five-year period, rather than requires the district to allocate no less than three percent of its assessment revenues to these types of activities during the initial three-year period. Authorizes the district to develop and implement additional plans under Subsection (a). Authorizes the district to perform certain actions to assist in implementing this section, while deleting text authorizing the district to create a nonprofit corporation to assist or act on behalf of the district to implement this section, without limiting the general applicability of Section 376.276.

Amends Section 376.286, Local Government Code, to authorize the district to contract with the municipality or the county for the municipality or county to provide law enforcement services in the district for a fee, rather than to authorize the district to contract with the municipality or the county for the provision of law enforcement services by the municipality or the county in the district on a fee basis.

Amends Section 376.287, Local Government Code, to make a conforming change.

## SECTION 2.

Amends the legislative findings to make a nonsubstantive change.