

BILL ANALYSIS

Senate Research Center
77R10990 ATP-F

H.B. 3633
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Intergovernmental Relations
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Engrossed

DIGEST AND PURPOSE

In 1997 the 75th Legislature created the East Montgomery County Improvement District (district). The district has requested several changes to its statutes to make the district more effective and efficient. H.B. 3633 sets forth changes to allow the district to operate more effectively and efficiently.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 4, Chapter 1316, Acts of the 75th Legislature, Regular Session, 1997, to provide that the boundaries of the East Montgomery County Improvement District (district) are coextensive with the boundaries of the New Caney Independent School District and the Splendora Independent School District as those boundaries existed on January 1, 1997, but the district does not include any portion of the City of Houston as it existed on January 1, 1997, and does not include any portion of the New Caney Independent School District, as the boundaries of the school district exist on September 1, 2001, or as they may exist in the future, located in Harris County.

SECTION 2. Amends Section 11, Chapter 1316, Acts of the 75th Legislature, Regular Session, 1997, to make a nonsubstantive change. Requires the directors, after they have been selected and have qualified as provided by this section, to organize or reorganize by electing a chair, a vice chair, a secretary, and other officers of the board as the board considers necessary.

SECTION 3. Amends Section 16, Chapter 1316, Acts of the 75th Legislature, Regular Session, 1997, by amending Subsection (b) and adding Subsection (e), as follows:

(b) Prohibits the district from employing peace officers, but authorizes the district to contract with off-duty peace officers to provide public safety and security services in connection with a special event, holiday, period with high traffic congestion, or similar circumstance and to provide public safety and security services at district facilities and property.

(e) Authorizes the board to employ and establish the terms of employment and compensation of an executive director or general manager or any officer of the district the board considers necessary.

SECTION 4. Amends Section 21(d), Chapter 1316, Acts of the 75th Legislature, Regular Session, 1997, to redefine "taxable items."

SECTION 5. Amends Section 22(a), Chapter 1316, Acts of the 75th Legislature, Regular Session, 1997, to authorize the board by order to call an election to adopt, change the rate of, or abolish a sales and use tax, provided that the board is prohibited from calling an election to abolish a sales and use tax or to reduce the rate of the sales and use tax below the amount pledged to secure payment of any

outstanding district debt while any district debt remains outstanding.

SECTION 6. Amends Section 23, Chapter 1316, Acts of the 75th Legislature, Regular Session, 1997, by adding Subsection (d) to provide that the district is entitled to examine and receive information related to the imposition and collection of sales and use taxes to the same extent as if the district were a municipality under Subchapter D, Chapter 321, Tax Code.

SECTION 7. Amends Section 25, Chapter 1316, Acts of the 75th Legislature, Regular Session, 1997, as follows:

Sec. 25. TAX RATES. (a) Makes a nonsubstantive change. Authorizes the district to impose the sales and use tax under this Act in increments of one-eighth of one percent, with a minimum tax of one-half percent and a maximum tax of two (rather than one) percent.

(b) Prohibits the district from imposing a sales and use tax of greater than one percent unless the voters of the district have approved, at an election called for such purpose and conducted generally in accordance with Section 22 of this Act, the imposition of a rate of one percent or less in addition to the existing one percent rate. Requires the ballot in the election to permit voting for or against the proposition: "The adoption of a local sales and use tax imposed in the East Montgomery County Improvement District of _____ (state percentage rate) percent in addition to the sales and use tax that the East Montgomery County Improvement District is currently authorized to impose at the rate of ____ (state percentage rate) percent."

(c) Provides that, if as a result of the imposition or increase in a sales and use tax by the district as provided by Section 22 and Subsection (b) of this section, the overlapping local sales and use taxes in a municipality located within the boundaries of the district will exceed two percent, the municipality's sales and use tax is automatically reduced in that municipality to a rate that, when added to the district's rate, does not exceed two percent.

(d) Requires the comptroller, if the tax rate of a municipality is reduced in accordance with Subsection (c), to withhold from the district's monthly sales and use tax allocation an amount equal to the amount that would have been collected by the municipality had the district not imposed or increased its sales and use tax less amounts that the municipality collects following the district's levy of or increase in its sales and use tax. Requires the comptroller to withhold and pay the amount withheld to the municipality under policies or procedures that the comptroller considers reasonable.

SECTION 8. Amends Section 30A, Chapter 1316, Acts of the 75th Legislature, Regular Session, 1997, is amended by adding Subsection (d) to authorize, to the extent consistent with the documents authorizing the issuance of the district's bonds, the proceeds of bonds remaining after the payment of the cost of issuing the bonds and all costs associated with the projects for which the bonds were sold to be spent by the district for any lawful purpose or for any project the district is authorized to undertake.

SECTION 9. Repealer: Section 33, Chapter 1316, Acts of the 75th Legislature, Regular Session, 1997.

SECTION 10. Provides that the legislature finds that the property to be excluded from the district, as provided by Section 1 of this Act, is undeveloped or residential in character, there is no retail activity within that area that would generate sales tax revenues, and the area is not generating and is not projected in the foreseeable future to generate sales tax or other revenues to the district, and therefore the exclusion of that land will not have an adverse effect on the district's ability to pay its outstanding debt.

SECTION 11. Provides additional legislative findings.

SECTION 12. Effective date: September 1, 2001.