

BILL ANALYSIS

Senate Research Center
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S.B. 1782
By: Shapiro
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DIGEST AND PURPOSE

Under current law, Chapter 375 of the Local Government Code provides for the creation of municipal management districts “to promote, develop, encourage, and maintain employment, commerce, economic development, and the public welfare in the commercial areas of municipalities and metropolitan areas of the state.” According to the recent United States Census, Frisco, Texas, is the fastest growing city in Texas and the second fastest growing city in the United States. Such rapid growth and development creates extraordinary demands on the city’s fiscal and physical infrastructure. As proposed, S.B. 1782 creates the Frisco Square Municipal Management District in order to promote and encourage economic growth and development and public welfare in the city.

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 Chapter 376, Local Government Code, by adding Subchapter K, as follows:

SUBCHAPTER K. FRISCO SQUARE MANAGEMENT DISTRICT

Sec. 376.451. CREATION OF DISTRICT. (a) Creates the Frisco Square Management District (district) as a special district under Section 59, Article XVI, Texas Constitution. Authorizes the board of directors of the district (board) to change the district’s name. 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, and other public purposes stated in this subchapter.

Sec. 376.452. DECLARATION OF INTENT. Sets forth the declaration of intent for the district.

Sec. 376.453. DEFINITIONS. Defines “board,” “county,” “district,” “municipality” and “utility.”

Sec. 376.454. BOUNDARIES. Sets forth the boundaries of the district.

Sec. 376.455. FINDINGS RELATING TO BOUNDARIES. Sets forth findings relating to the district’s boundaries.

Sec. 376.456. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. Provides findings of benefit and purpose.

Sec. 376.457. APPLICATION OF OTHER LAW. Provides that, except as otherwise provided by this subchapter, Chapter 375 applies to the district, its governing body, and its

employees; and the district has the rights and powers of a district created under Chapter 375. 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. Provides that any law referenced in this subchapter that is not in conflict or inconsistent with this subchapter is adopted and incorporated by reference.

Sec. 376.458. **LIBERAL CONSTRUCTION OF SUBCHAPTER.** Requires this subchapter to be liberally construed in conformity with the findings and purposes stated in this subchapter.

Sec. 376.459. **BOARD OF DIRECTORS IN GENERAL.** Sets forth guidelines regarding the board of directors of the district.

Sec. 376.460. **APPOINTMENT OF DIRECTORS.** Sets forth guidelines regarding the appointment of directors to the board and removal from the board.

Sec. 376.461. **EX OFFICIO BOARD MEMBERS.** Requires certain persons to serve ex officio as nonvoting directors. Authorizes the governing body of the municipality, if any of the offices described in this section are renamed, changed, or abolished, to appoint another officer or employee of the municipality that performs duties comparable to those performed by the officer described in this section.

Sec. 376.462. **CONFLICTS OF INTEREST; ONE-TIME AFFIDAVIT.** (a) Authorizes a director, except as provided by Section 376.461 or this section, to participate in all board votes and decisions and provides that, except as provided by Section 376.461 or this section, Chapter 171 governs conflicts of interest for board members.

(b) 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 that will receive a pecuniary benefit from a board action to file a one-time affidavit declaring the interest. Provides that an additional affidavit is not required if the director's interest changes. Authorizes the director, after the affidavit is filed with the board secretary, to participate in a discussion or vote on that action under certain conditions.

(c) Prohibits a director who is also 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.

(d) Provides that, for purposes of this section, a director has a substantial interest in a charitable entity in the same manner that a person would have a substantial interest in a business entity under Section 171.002.

Sec. 376.463. **POWERS OF DISTRICT.** Sets forth guidelines regarding the powers of the district.

Sec. 376.464. **AGREEMENTS.** (a) Authorizes the district to make an agreement with or accept a donation, grant, or loan from any person.

(b) Authorizes a municipality, county, or other political subdivision of the state, without further authorization, to contract with the district for certain purposes. Sets forth guidelines for a contract under this subsection.

(c) Provides that the implementation of a project is a governmental function or service for the purposes of Chapter 791 (Interlocal Cooperation Contracts), Government Code.

(d) Authorizes the district, to protect the public interest, to contract with the municipality for the municipality to provide law enforcement services in the district for a fee.

Sec. 376.465. **NONPROFIT CORPORATION.** (a) 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.

(b) Requires the board to appoint the board of directors of a nonprofit corporation created under this section. Requires the board of directors of the nonprofit corporation to serve in the same manner, term, and conditions as a board of directors of a local government corporation created under Chapter 431 (Texas Transportation Corporation Act), Transportation Code.

(c) Provides that a nonprofit corporation created under this section has the powers of and is considered for purposes of this subchapter to be a local government corporation created under Chapter 431, Transportation Code.

(d) Authorizes a nonprofit corporation created under this section to implement any project and provide any service authorized by this subchapter.

Sec. 376.466. **ANNEXATION.** Sets forth guidelines regarding the district's annexation of territory.

Sec. 376.467. **PETITION REQUIRED FOR FINANCING SERVICES AND IMPROVEMENTS.** Prohibits the board from financing a service or improvement project under this subchapter unless a written petition requesting the improvement or service has been filed with the board. Requires the petition to be signed by certain persons.

Sec. 376.468. **AUTHORIZATION OF MAINTENANCE TAX.** Sets forth guidelines and requirements regarding an election to obtain voter approval before the district imposes a maintenance tax or issues bonds payable from ad valorem taxes or assessments.

Sec. 376.469. **MAINTENANCE TAX.** Authorizes the district, if authorized in accordance with Section 376.468, to impose and collect an annual ad valorem tax on taxable property in the district for certain purposes. Requires the board to determine the tax rate.

Sec. 376.470. **ASSESSMENTS.** Sets forth guidelines and requirements regarding the imposition and collection of assessments.

Sec. 376.471. **ASSESSMENT LIEN.** (a) Provides that assessments, including certain stated assessments: are a first and prior lien against the property assessed; are superior to any other lien or claim other than a lien or claim for county, school district, or municipal ad valorem taxes; and are the personal liability of and charge against the owners of the property even if the owners are not named in the assessment proceedings. Provides that a lien under this section is effective from the date of the resolution of the board imposing the assessment until the assessment is paid. Authorizes the board to enforce the lien in the same manner that the board is authorized to enforce an ad valorem tax lien against real property.

Sec. 376.472. **UTILITIES.** Prohibits the district from imposing an assessment or impact fee on a utility's property.

Sec. 376.473. **MUNICIPAL APPROVAL.** (a) Requires the district, except as provided by Subsection (b), to obtain from the municipality's governing body approval of certain actions, plans, and specifications.

(b) Authorizes the district, under certain conditions, to finance the capital improvements and issue bonds specified in the budget without further approval from the municipality.

(c) Requires the district to obtain approval from the municipality's governing body of the plans and specifications of certain district improvement projects.

(d) Provides that, except as provided by Section 375.263, a municipality is not obligated to pay any bonds, notes, or other obligations of the district.

Sec. 376.474. **DISBURSEMENTS OR TRANSFERS OF FUNDS.** Requires the board by resolution to establish the number of directors' signatures and the procedure required for a disbursement or transfer of the district's money.

Sec. 376.475. **COMPETITIVE BIDDING LIMIT.** Provides that Section 375.221 does not apply to the district unless the contract is for more than \$25,000.

Sec. 376.476. **EXCEPTION FOR DISSOLUTION OF DISTRICT WITH OUTSTANDING DEBTS.** Authorizes the board to vote to dissolve a district that has debt. Requires the district, if the vote is in favor of dissolution, to remain in existence solely for the limited purpose of discharging its debts. Provides that the dissolution is effective when all debts have been discharged. Provides that Section 375.264 does not apply to the district.

SECTION 2. Presents legislative findings.

SECTION 3. Provides that the initial board of directors of the Frisco Square Management District consists of certain stated members. Provides that, with respect to the initial board members, the members appointed for positions one through three serve until July 1, 2003, and the members appointed for positions four and five serve until July 1, 2005.

SECTION 4. Effective date: September 1, 2001.