

BILL ANALYSIS

Senate Research Center
79R13275 MSE-F

C.S.S.B. 1805
By: Jackson, Mike
Intergovernmental Relations
5/2/2005
Committee Report (Substituted)

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

C.S.S.B. 1805 creates Galveston County Municipal Utility District No. 1 (district). Currently, the land located within the boundaries of the proposed district is undeveloped. The territory of the district lies within the City of League City, or its extraterritorial jurisdiction, and Galveston County. The district will be a municipal management district similar to those operating pursuant to Chapter 375 (Municipal Management Districts in General), Local Government Code, and Title 4 (Development and Improvement), Special Districts Code.

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. GALVESTON COUNTY MANAGEMENT DISTRICT NO. 1. Amends Subtitle C, Title 4, Special District Local Laws Code, by adding Chapter 3841, as follows:

CHAPTER 3841. GALVESTON COUNTY MANAGEMENT DISTRICT NO. 1

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3841.001. DEFINITIONS. Defines "board" and "district."

Sec. 3841.002. GALVESTON COUNTY MANAGEMENT DISTRICT NO. 1. Provides that the Galveston County Municipal Utility District No. 1 (district) is created as a special district under Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI, Texas Constitution.

Sec. 3841.003. PURPOSE; DECLARATION OF INTENT. Provides that the creation of the district is essential to accomplish the purposes of Section 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this Act. Sets forth the legislative intent in the creation of the district.

Sec. 3841.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. Sets forth the findings of benefit and public purpose for the creation of the district.

Sec. 3841.005. DISTRICT TERRITORY. Provides that the district is composed of the territory described in Section 2 of the Act enacting this chapter, as the territory may have been modified under a certain laws. Provides that the boundaries and field notes of the district form a closure. Provides that a mistake in the field notes or in copying the field notes in the legislative process does not in any way affect the district's organization, existence, or validity, the right to take certain actions, or legality or operation.

Sec. 3841.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. Provides that all or any part of the area of the district is eligible to be included in certain tax or enterprise zones.

Sec. 3841.007. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICTS LAW. (a) Provides that Chapter 375 (Municipal Management Districts in General), Local Government Code, applies to the district, except as otherwise provided by this chapter.

Sec. 3841.008. LIBERAL CONSTRUCTION OF CHAPTER. Requires this chapter to be liberally construed in conformity with the findings and purposes set forth in this chapter.

[Reserves Sections 3841.009-3841.050 for expansion.]

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3841.051. BOARD OF DIRECTORS; TERMS. Provides that the district is governed by a board of five voting directors (board) and sets forth terms of the directors. Authorizes the board by resolution to change the number of voting directors on the board, but only if the board determines that the change is in the best interest of the district. Prohibits the district from consisting of fewer than five or more than 15 voting directors.

Sec. 3841.052. APPOINTMENT OF DIRECTORS. Requires the Texas Commission on Environmental Quality (commission) to appoint voting directors from persons recommended by the board.

Sec. 3841.053. NONVOTING DIRECTORS. Authorizes the board to appoint to serve at the pleasure of the board nonvoting directors.

Sec. 3841.054. QUORUM. Provides that for the purposes of determining the requirements for or establishing a quorum of the board, certain directors are not counted.

Sec. 3841.055. INITIAL VOTING DIRECTORS. (a) Sets forth the names of the initial board members.

(b) Provides that of the initial directors, the terms of the directors appointed for positions 1 through 3 expire June 1, 2007, and the terms of directors appointed for positions 4 and 5 expire on June 1, 2009.

(c) Provides that Section 3841.052 does not apply to this section.

(d) Provides that this section expires on September 1, 2010.

[Reserves Sections 3841.056-3841.100 for expansion.]

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3841.101. ADDITIONAL POWERS OF DISTRICT. Authorizes the district to exercise the powers given to certain entities.

Sec. 3841.102. 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 chapter.

(b) Provides that the nonprofit corporation created has the powers of and is considered for the purposes of this chapter to be a local government corporation created under Chapter 431, Transportation Code. Authorizes the nonprofit organization to implement any project and provide any service authorized by this chapter.

(c) Requires the board to appoint the board of directors of the nonprofit corporation. Requires the board of directors of the nonprofit corporation to serve in the same manner as the board of directors of a local government corporation

created under Chapter 431 (Texas Transportation Corporation Act), Transportation Code, provided that they need not live in the district.

Sec. 3841.103. AGREEMENTS; GRANTS. Authorizes a 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 (Interlocal Cooperation Contracts), Government Code.

Sec. 3841.104. AUTHORITY TO CONTRACT FOR LAW ENFORCEMENT. Authorizes the district, to protect the public interest, to contract with a qualified party, including Galveston County (county) or the City of League City (city), for the county or city to provide law enforcement services to the district for a fee.

Sec. 3841.105. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. Authorizes the district to join and pay dues to certain organizations.

Sec. 3841.106. ECONOMIC DEVELOPMENT PROGRAMS. Authorizes the district to establish and provide for the administration of one or more programs to promote state or local economic development and to stimulate business and commercial activity in the district, including programs that serve certain purposes. Provides that, for purposes of this section, the district has all of the powers of a municipality under Chapter 380 (Miscellaneous Provisions Relating to Municipal Planning and Development), Local Government Code.

Sec. 3841.107. NO EMINENT DOMAIN. Prohibits the district from exercising the power of eminent domain.

[Reserves Sections 3841.108-3841.150 for expansion.]

SUBCHAPTER D. FINANCIAL PROVISIONS

Sec. 3841.151. DISBURSEMENTS AND TRANSFERS OF MONEY. Requires the board by resolution to establish the number of directors' signatures and procedure required for the disbursement or transfer of the district's money.

Sec. 3841.152. MONEY USED FOR IMPROVEMENTS OR SERVICES. Authorizes the district to take certain actions under Chapter 375, Local Government Code, using any money available to the district.

Sec. 3841.153. PETITION REQUIRED FOR FINANCING SERVICES AND IMPROVEMENTS WITH ASSESSMENTS. Prohibits the board from financing a service or improvement with assessments under this chapter unless a written petition requesting that service or improvement is filed with the board. Sets forth the signature requirements of the petition.

Sec. 3841.154. METHOD OF NOTICE FOR HEARING. Authorizes the district to mail the notice required by Section 375.115(c) (Notice of Hearing), Local Government Code, by certified mail, or an equivalent service that can provide a record or mailing or other of delivery.

Sec. 3841.155. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a) Authorizes the board, by resolution, to impose and collect an assessment for any purpose authorized by this chapter in all or any part of the district.

(b) Provides that an assessment, a reassessment, or an assessment resulting from an addition to or correction of the assessment roll by the district, penalties and interest on an assessment or reassessment, an expense of collection, and reasonable attorney's fees incurred by the district are a first and prior lien. Sets forth specific characteristics of said liens.

(c) Provides that the lien is effective from the date of the resolution of the board imposing the assessment until the date 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.

(d) Authorizes the board to make a correction to or deletion from the assessment roll that does not increase the amount of assessment of any parcel of land without providing notice and holding a hearing in the manner required for additional assessments.

Sec. 3841.156. AD VALOREM TAX. (a) Authorizes the district, if authorized at an election held in accordance with Section 3841.160, to impose an annual ad valorem tax on taxable property in the district for any district purpose.

(b) Requires the board to determine the tax rate.

Sec. 3841.157. UTILITY PROPERTY EXEMPT FROM IMPACT FEES AND ASSESSMENTS. Prohibits the district from imposing an impact fee or assessment on the property, equipment, rights of way, facilities, or improvements of certain utilities and service providers.

Sec. 3841.158. BONDS AND OTHER OBLIGATIONS. (a) Authorizes the district to issue bonds or other obligations, by competitive bid or negotiated rule, payable in whole or in part from ad valorem taxes, assessments, impact fees, revenue, grants, or other money of the district, or any combination of those sources of money, to pay for any authorized purpose of the district.

(b) Authorizes the district to issue a bond or other obligation in the form of a bond, note, certificate of participation or other instrument evidencing a proportionate interest in payments to be made by the district, or other type of obligation.

Sec. 3841.159. TAXES FOR BONDS AND OTHER OBLIGATIONS. Requires the board, at the time bonds or other obligations payable in whole or in part from ad valorem taxes are issued, to impose a continuing direct annual ad valorem tax for each year that all or part of the bonds are outstanding. Requires the district to impose the continuing direct ad valorem tax on all taxable property within the district in sufficient amount to pay the interest on the bonds as it becomes due, to create a sinking fund for the payment of the principal of the bonds when due or the redemption price at any earlier required redemption date, and to pay the expenses of imposing the tax.

Sec. 3841.160. TAX AND BOND ELECTIONS. (a) Requires the district to hold an election in the manner provided by Subchapter L, Chapter 375, Local Government Code, to obtain voter approval before the district imposes an ad valorem tax or issues bonds payable from ad valorem taxes.

(b) Provides that Section 375.243 (Dissolution by Municipal Order), Local Government Code, does not apply to the district.

Sec. 3841.161. CITIES NOT REQUIRED TO PAY DISTRICT OBLIGATIONS. Provides that the city, except as provided by Section 375.263, Local Government Code, is not required to pay to pay a bond, note, or other obligation of the district.

Sec. 3841.162. COMPETITIVE BIDDING. Provides that Section 375.221 (Competitive Bidding on Certain Public Works Contracts), Local Government Code, applies only to the district for a contract that has a value greater than \$25,000.

Sec. 3841.163. TAX AND ASSESSMENT ABATEMENTS. Authorizes the district, to grant, in the manner authorized by Chapter 312 (Property Redevelopment and Tax Abatement Act), Tax Code, an abatement for a tax or assessment owed to the district.

[Reserves Sections 3841.164-3841.200 for expansion.]

SUBCHAPTER E. DISSOLUTION

Sec. 3841.201. DISSOLUTION OF DISTRICT WITH OUTSTANDING DEBT. Authorizes the board to dissolve a district regardless of whether the district has debt. Provides that Section 375.264 (Limitation), Local Government Code, does not apply to the district. Requires the district, if the district has debt when it is dissolved, to remain in existence solely for the purpose of discharging its debts. Sets forth that the dissolution is effective when all debts have been discharged.

SECTION 2. BOUNDARIES. Sets forth the boundaries of the territory contained in the district.

SECTION 3. LEGISLATIVE FINDINGS. Provides that all requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 4. EFFECTIVE DATE. Effective date: upon passage or September 1, 2005.