

BILL ANALYSIS

Senate Research Center

S.B. 1014
By: Creighton
Intergovernmental Relations
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Woodlands Township (formerly known as Town Center Improvement District of Montgomery County) (the Township) was created by Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993. The creation legislation has been modified through several subsequent legislative Acts (Chapter 255, Acts of the 75th Legislature, Regular Session, 1997; Chapter 1562, Acts of the 76th Legislature, Regular Session, 1999; Chapter 373, Acts of the 79th Legislature, Regular Session, 2005; Chapter 1287, Acts of the 80th Legislature, Regular Session, 2007; Chapter 1397, Acts of the 81st Legislature, Regular Session, 2009; and Chapter 446, Acts of the 84th Legislature, Regular Session, 2015).

This Act will provide a number of clarifications to the district's creation legislation. In addition, this Act modifies the procedure for the filling of vacancies on the Township's board of directors and provides procedures for the calling and holding of an incorporation election over the territory of the Township, as well as procedures for a transfer of the assets, liabilities, powers, obligations and functions of the Township to the new city, as well as dissolution of the Township, in the event of a successful incorporation election. This Act also codifies a reference to the Township's enabling Act in Chapter 11011 of the Special District Local Laws Code, and specifies certain provisions of the enabling Act that remain applicable to the new city in the event of incorporation and dissolution of the Township. (Original Author's / Sponsor's Statement of Intent)

S.B. 1014 amends current law relating to The Woodlands Township.

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 8(e), Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, to delete existing text providing an exception to the requirement that a vacancy in the office of director be filled by appointment of a qualified individual by a majority vote of the remaining directors of the board of directors (board) of the Town Center Improvement District of Montgomery County (district) if the number of directors for any reason is less than four.

SECTION 2. Amends Section 11B, Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, by adding Subsection (b), to require the district or municipality, notwithstanding Subsection (a) of this section, if at least 99 percent of the territory of the district is incorporated and the district is dissolved in the manner provided by Section 14A of this Act, to apply the proceeds from a hotel occupancy tax imposed under Section 11A of this Act for the purposes described by Section 351.101 (Use of Tax Revenue), Tax Code, or as may otherwise be required in connection with the district's debt and other obligations existing before the incorporation to which the proceeds from a hotel occupancy tax imposed under Section 11A of this Act have been pledged.

SECTION 3. Amends Section 11C(p), Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, as follows:

(p) Provides that Section 311.002 (Definitions) and 311.014 (Tax Increment Fund) through 311.017 (Termination of Reinvestment Zone), Tax Code, apply to the district, except for purposes of this subsection a development zone created without a duration or date of termination is authorized to be dissolved by a two-thirds vote of the board or of the governing body of a municipality or other form of local government, other than the development zone, succeeding to the principal assets, powers, functions, and liabilities of the district, but only if the development zone has no outstanding indebtedness or other obligations or the assets, powers, functions, and liabilities, and any outstanding indebtedness or obligations, of the development zone are expressly assumed by the district or the succeeding municipality or local government.

SECTION 4. Amends Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, by adding Section 14A, as follows:

Sec. 14A. INCORPORATION. (a) Provides that this section prevails over any other provision of this Act that conflicts with or is inconsistent with this section.

(b) Provides that, except as provided by Subsection (c) and (f) and subject to any applicable limitations of the constitution of this state, if certain incorporation and transfer of the district powers and duties are approved by a majority of voters in an election held for that purpose, certain powers and duties and the district's authority to issue bonds and impose a tax are transferred to the municipality and the district is dissolved.

(c) Provides that, if on the date the district's incorporation is approved at an election, the district owes any debt that cannot be transferred to the municipality, the district is continued until certain measures clear or discharge the debt.

(d) Provides that if the conditions described by Subsection (c) are met, the board is required to adopt an order certifying that the conditions have been met and on the effective date of the order certain powers and duties of the district are transferred to the municipality and the district is dissolved.

(e) Authorizes the district to, in addition to any other restructuring methods permitted by law, restructure its outstanding debt for the purpose of transferring the debt to the municipality by issuing refunding bonds secured by certain pledges.

(f) Provides that the transfer of certain powers and duties is effective regardless of whether the boundaries of the municipality are coterminous with the district's boundaries, unless the transfer would materially impair the security for a debt transferred to the municipality, in which case the debt is required to be restructured in the provided manner before the transfer may occur.

SECTION 5. Amends Subtitle X, Title 6, Special District Local Laws Code, by adding Chapter 11011, as follows:

CHAPTER 11011. THE WOODLANDS TOWNSHIP

Sec. 11011.001. DEFINITION. Defines "district."

Sec. 11011.002. LAW GOVERNING DISTRICT. Provides that The Woodlands Township is governed by this chapter and Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993.

Sec. 11011.003. DISSOLUTION OF DISTRICT. (a) Sets forth certain criteria for the dissolution of The Woodlands Township.

(b) Provides that the remaining provisions of Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, do not apply to the municipality after the dissolution of The Woodlands Township.

SECTION 6. Provides that all requirements of the constitution and the 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 7. Effective date: upon passage or September 1, 2017.