

Creating the Northeast Houston Redevelopment District

SB 390 by Miles (Dutton)

Digest

SB 390 would have created the Northeast Houston Redevelopment District and designated its purpose, boundaries, governing body, and powers and duties.

Upon the filing of a petition requesting a service or improvement signed by the owners of at least 50 percent of the property in the district, the district would have been able to impose and collect an assessment to finance a service or improvement project. The district also would have been able to issue bonds. The bill would have prohibited the district from imposing a property tax.

Governor's reason for veto

“Senate Bill 390 would create, within Houston city limits, a municipal management district that would be governed by a self-perpetuating board appointed by the city and would impose assessments on property to fund services that the city already has a responsibility to provide to area residents. This goes too far. Creating districts like these within city limits undermines core principles of protecting taxpayers and promoting transparency, which led to historic achievements this session in Senate Bill 2. It is tantamount to double taxation on the district's property owners, forcing them to pay an ad valorem tax to the city and another assessment to the district. The creation of a municipal management district, or any special purpose district, should not be used to circumvent property tax reforms.”

Response

Sen. Borris Miles, the bill's author, said: “SB 390 would have created the Northeast Houston Redevelopment District. This veto eliminates a tool for revitalizing a part of Senate District 13 that has been in desperate need of economic development for years and was also hit hard by Hurricane Harvey. In fact, Gov. Abbott

designated parts of nine federal Opportunity Zones within the boundaries of this vetoed district.

“When the governor's office contacted my office with concerns about the bill, my office worked with the governor's office to eliminate their concerns. The governor's office even provided procedural assistance to get the bill passed. That is why it is so surprising that the governor now states this bill ‘goes too far’ and ‘is tantamount to double taxation on the district's property owners,’ since we changed the bill to address the concerns communicated to my office.

“The governor's veto statement says SB 390 ‘goes too far.’ What goes too far is vetoing an inner city management district while allowing other municipal management district and special district bills to become law. This is an inconsistent veto. If the governor believes ‘the creation of a municipal management district, or any special purpose district, should not be used to circumvent property-tax reforms,’ then the governor should have vetoed all these bills, not just some. Allowing other special districts and municipal management districts to become effective is ‘tantamount to [the] double taxation on [these] district's property owners’ that the governor was afraid of in SB 390.”

Rep. Harold Dutton, the House sponsor, said: “I regret that the governor has vetoed such an important piece of legislation for residents of Northeast Houston. This legislation had the power to dramatically transform Northeast Houston and enhance it as a great place to work, live and raise a family. What makes this veto even more questionable is that Sen. Miles and I worked with the governor to incorporate his thoughts into the bill. Not once during our discussions was the basis for the governor's veto ever raised by the governor. The bill could have been fixed if we had known of this objection. When folks don't negotiate in good faith, it says more about them than any veto says about the bill.”

Notes

SB 390 passed on the Local, Consent, and Resolutions Calendar and was not analyzed in a *Daily Floor Report*.
