

Revising authority of public improvement districts

SB 978 by West (Elkins)

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DIGEST: SB 978 would have expanded the range of projects that could be undertaken by a public improvement district (PID), which may be established by a municipality or county. The bill would have expanded eligible projects to include light rail mass transit, streetcar, or similar systems, including vehicle parking facilities, open spaces, community centers, libraries, police, sheriff and fire stations, and other projects. The bill would have expanded the methods that could be used to fund public improvement projects and would have made changes to procedures governing posting and filing notices, dissolving a district, revising assessment rolls, and revising assessments.

GOVERNOR'S REASON FOR VETO:

“Senate Bill No. 978 expands the types of projects that may be undertaken by a Public Improvement District (PID) without adequately protecting property owners in the PID from incurring the sole or disproportionate costs of projects that clearly have a general municipal or regional benefit.

“These districts were created to enable their residents to fund improvement projects specifically targeted to their respective districts. However, Senate Bill No. 978 broadens the definition of projects that qualify for PID funding to include those that may not directly benefit the property owners who are subject to paying for them. The bill compounds this problem by both permitting projects located outside the PID district and creating districts with non-contiguous acreage, creating a patchwork system that leaves taxpayers with little hope of determining who is paying for what benefit. Under such a scenario, residents of three physically separate parts of a city could be forced to pay for a project located in the county.

“I am concerned that provisions of this bill threaten to violate Texans’ rights under Article 1, section 17 of the Texas Constitution, which protects property owners from having to pay project assessments that are not to their direct benefit.

“Ultimately, the bill leaves too many unanswered questions about the reach and financial impact of Public Improvement Districts on Texas property owners. I strongly encourage interested parties and their respective legislators to revisit this legislation with an eye toward increasing transparency and setting clearly defined limits on what taxpayers are being asked to fund.”

RESPONSE: **Sen. Royce West**, the bill’s author, said: “I am, of course, disappointed in the veto. The bill passed the Senate by a vote of 29-2, and passed the House unanimously on the Local Calendar.

“Public Improvement Districts (PIDs) have been authorized in statute since 1987. In recent years, questions have arisen within the Office of the Attorney General and in the general legal community about the practical application of the statute. Senate Bill 978 was an attempt to clarify and update the statute, and to make public improvement districts more useful tools for cities to build targeted infrastructure without levying taxes upon an entire city or county.

“Under the bill, projects undertaken within and funded by assessments upon property within a public improvement district — a defined geographical area — must confer a special benefit on the property located in the public improvement district. So, no project from the list of those eligible in the statute could be undertaken without a finding of this special benefit by the governing body of a county or city.

“Furthermore, rather than creating a situation in which property owners would be confused as to which projects they were paying for through assessments, PIDs are typically created by a political subdivision at the request, by petition, of those very property owners, and only after a public process including findings by the governing body of the political subdivision, a feasibility report, and a public hearing.

“I am heartened by the governor’s willingness to reexamine this issue next session, and look forward to playing a role in that process.”

Rep. Gary Elkins, the House sponsor, had no comment on the veto.

NOTES:

SB 978 passed the House on the Local, Consent, and Resolutions Calendar and was not analyzed in a *Daily Floor Report*.