

- SUBJECT:** Allowing navigation districts to create local government corporations
- COMMITTEE:** Transportation — favorable, without amendment
- VOTE:** 7 ayes — Alexander, Hawley, Y. Davis, Edwards, Hill, Pickett, Swinford
0 nays
2 absent — Hamric, Noriega
- SENATE VOTE:** On final passage, February 28 — 30-0
- WITNESSES:** (*On House companion bill, HB 1225:*)
For — Thomas H. Kornegay, Port of Houston Authority and Texas Ports Association

Against — Walter Hinojosa, Texas AFL-CIO; *Registered but did not testify:*
Jack Bornsheller, International Brotherhood of Electrical Workers
- BACKGROUND:** Transportation Code, ch. 431 allows cities and counties to create local government corporations to act on their behalf as nonprofit corporations.
- DIGEST:** SB 637 would authorize navigation districts to create local government corporations. Such a corporation would have to comply with all state laws that applied to the navigation district that created the corporation, including laws related to project design and construction. The corporation could not condemn a right-of-way through any part of an incorporated city or town without the consent of the city's or town's governing body.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2001.
- SUPPORTERS SAY:** SB 637 would give navigation districts more flexibility to develop and promote transportation by allowing them to form local government corporations to act on their behalf. Navigation districts are prohibited from receiving payment from foreign ports for expertise provided and from

entering into private joint-venture agreements. By creating local government corporations, navigation districts could enter into contracts with foreign ports to sell their highly sought-after expertise in developmental planning and operation. Navigation districts also could partner with private maritime companies to build, own, and operate terminals jointly, saving taxpayer money by using private capital and helping the port to build the terminal efficiently. These corporations would have to comply with all the regulations that applied to the navigation districts that created them, including rules for designing and building facilities, such as the prohibition on design-build construction.

A corporation would be accountable to a navigation district, which could remove a board member of the corporation for any reason. As navigation districts either comprise elected officials, as in the case of Freeport, or are appointed by and can be removed by local officials, they would follow the will of the city's elected officials. Any concern over a corporation's possible authority in providing security is overstated. These districts have indicated that they have no interest in or intention of using that authority. Rather, their intention is to gain greater flexibility to pursue transportation projects.

**OPPONENTS
SAY:**

SB 637 would create an unaccountable level of government that would be neither elected nor removable by the voters. In some cities, like Houston, the navigation district is synonymous with the port authority, whose board is appointed. By allowing these navigation districts to create local government corporations, the state would allow appointed boards to appoint other boards, creating an unaccountable corporation whose operations were considered governmental and who would have broad unregulated authority, such as being able to form security forces to enforce traffic and other public safety rules and to acquire land and make it tax-exempt, thereby removing it from school district property rolls. These kinds of corporations should remain accountable to the city's voters.

NOTES:

The Transportation Committee considered SB 637 in lieu of the House companion bill, HB 1225 by Hamric.