

SUBJECT: Requiring notice for the establishment of municipal management districts

COMMITTEE: Urban Affairs — committee substitute recommended

VOTE: 6 ayes — Talton, Wong, A. Allen, Bailey, Blake, Menendez

0 nays

1 absent — Rodriguez

WITNESSES: None

BACKGROUND: Municipal management districts (MMDs) may be created in cities with more than 25,000 people to promote and encourage employment, commerce, economic development, and public welfare in commercial areas of a city. MMDs may be created by the Legislature or authorized by the Texas Commission on Environmental Quality (TCEQ). The TCEQ may create an MMD only upon receipt of a petition signed by the owners of a majority of the assessed value of the real property in the proposed district or by 50 persons if more than 50 persons own real property in the area. Before granting the request, the TCEQ must hold a public meeting and give notice of that meeting by mail to each property holder in the proposed district.

An MMD must be within the city's boundaries, although a district may include the extraterritorial jurisdiction of a city if the area has an assessed value of \$500 million or more. MMDs may construct, operate, or maintain improvements or services within the district and may impose fees, levy assessments on district property owners, issue notes or bonds, or borrow money to finance these improvements or services.

Government Code, ch. 313, requires a person intending to apply for passage of a local or special law to publish notice of that intention in a newspaper published in each county the law will affect at least 30 days before the date on which the proposed law is introduced in the Legislature. If a newspaper is not published in the county, notice of the proposed law must be posted at the courthouse door and five other public places.

DIGEST:

CSHB 1830 would amend the Government Code to require a person who intended to apply for the passage of a law establishing a municipal management district to provide notice by mail to each person who owned real property in the proposed district at least 30 days before the proposed law would be introduced in the Legislature. The notice would have to contain a statement of the general purpose and substance of the intended law but would not have to include the particular form of or terms that would be used in the intended law.

The 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, 2005.

SUPPORTERS
SAY:

CSHB 1830 would ensure that property owners were aware that they were to be included in a municipal management district prior to its creation by the Legislature so that they could participate in discussions on whether the district was needed. Under current statute, only districts created by the TCEQ are required to mail notice to property holders in the proposed district and hold a public meeting prior to their creation. As a result, many property owners do not realize that they will be included in a proposed MMD until after it has already been created by the Legislature. Since these districts may impose fees and assessments, all property owners should be informed about a proposed MMD and have an opportunity to express their opinions regarding its creation. CSHB 1830 would give these property owners the notice they need to participate in the process. The bill would not require a public hearing because interested citizens could express their opinions during the legislative hearing on the bill.

While the notice provisions required in ch. 313 of the Government Code and in the Constitution are welcome, they are inadequate. Many people do not subscribe to the local newspaper and would not see the required notice. Moreover, the Constitution does not require the county commissioners courts or the governing body of the municipality to hold a meeting on the proposed district or submit recommendations on the proposed legislation to the Legislature. This notice may do little more than sit on the desk of an administrator. CSHB 1830 would ensure that citizens truly were informed about a proposed MMD. The notice would not be unduly expensive because it would be the same notice that would later be required of the district to inform residents of a meeting regarding a possible project or assessment.

OPPONENTS
SAY:

This bill is unnecessary. Both the Texas Constitution and ch. 313 of the Government Code already require someone who intends to file legislation to create an MMD to publish notice of that intention in a newspaper. Under the Texas Constitution, MMDs are considered conservation and reclamation districts. A person intending to create one of these districts must submit a copy of the proposed bill to the commissioners court of each county and the governing board of each city in which the district would be located. These bodies then may file their consent or opposition to the proposed district with the governor, the lieutenant governor, and the speaker of the House of Representatives. A copy of the notice and the proposed legislation also must be submitted to the governor, who then submits the notice and bill to the Texas Commission on Environmental Quality, which must provide recommendations on the bill. Moreover, an MMD may not finance projects or impose a fee or assessment unless it first provides notice to every property owner in the district and holds a public hearing on the proposal. These requirements already adequately protect property owners in a proposed district.

Requiring notice to every property owner in a proposed district could be prohibitively expensive and prevent a city or organization from proposing legislation to create the district and revitalize the area. With so many other required notices, the Legislature should not add another.

OTHER
OPPONENTS
SAY:

Many property owners may be unaware of how to track legislation or may be too far away from Austin to participate in a legislative hearing on a bill proposing to create an MMD. The bill should require a public hearing on a proposed MMD in the county where a district would be located before legislation was filed. The record of this meeting then would be available to legislators as they decided whether to pass a law creating the district.

NOTES:

The committee substitute removed a provision that would have required a public hearing to be held prior to a proposed law being introduced in the Legislature.