

SUBJECT:	Validation of actions by municipalities with 500 people or fewer
COMMITTEE:	Urban Affairs — favorable without amendment
VOTE:	7 ayes — Dutton, Alvarado, Callegari, Mallory Caraway, Parker, Paxton, Simpson 0 nays 2 absent — Gutierrez, P. King
WITNESSES:	For — (<i>Registered, but did not testify</i> : Timothy Green, World Land Developers) Against — None
BACKGROUND:	<p>The Legislature periodically enacts legislation retroactively validating certain municipal actions, such as annexations and incorporations, that may have violated procedural requirements. The Legislature also has enacted bills to validate acts related to public improvement districts (PID).</p> <p>The Public Improvement District Assessment Act, established by Local Government Code, ch. 372, authorizes cities and counties to create PIDs to undertake and fund targeted infrastructure improvement projects. Cities and counties are authorized to levy and collect special assessments on properties that are within the city or its extraterritorial jurisdiction. Additional financing options are available to certain large counties.</p> <p>PIDs may be created to address a variety of issues, including development of affordable housing; water, wastewater, health and sanitation, or drainage improvements; street and sidewalk improvements; mass transit improvements; landscaping and other aesthetic improvements; art installation; creation of pedestrian malls; supplemental safety services; supplemental business-related services; and advertising and business recruitment and development.</p>
DIGEST:	HB 707 would validate all governmental acts and proceedings of a municipality taken before the bill's effective date to establish a PID, designate improvements, levy assessments, or finance costs of

improvements. The bill would apply only to a municipality with a population of 500 people or fewer according to the 2000 federal census.

The bill would not validate an act or proceeding that:

- was the subject of pending litigation on the effective date; or
- was a misdemeanor or felony under Texas law at the time that it occurred.

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, 2011.

**SUPPORTERS
SAY:**

HB 707 is needed to validate the prior actions of the city of Lavon, which established Heritage Public Improvement District No. 1 to serve the Grand Heritage development. Despite the benefits of PIDs and their successes in the communities they serve, there are technical issues with the PID statutes that are not clear and hinder cities that want to use PIDs to fulfill their economic development objectives, especially with relation to issuing bonds. Validation bills not unusual and sometimes are needed to ensure that small municipalities do not run afoul of technical or procedural requirements.

Grant Heritage is a master-planned community in Lavon, which is in Collin County about 30 miles northeast of downtown Dallas. Approximately 490 homes have been built to date. The community offers extensive amenities, including an elementary school. Without the improvement projects provided through the PID, the development would not have been feasible.

While the general statute authorizing PIDs could be made clearer, HB 707 would allow the city of Lavon to go forward and issue bonds secured by the PID assessments.

**OPPONENTS
SAY:**

No apparent opposition.