

BILL ANALYSIS

Senate Research Center

H.B. 1029
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Intergovernmental Relations
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Engrossed

DIGEST

Currently, there are several examples of districts with specialized taxation powers. Some of these districts may be able to offer certain tax advantages, while others may not. This bill allows for the creation of municipal development districts in cities having a population of less than 10,000 and which are located in more than two counties.

PURPOSE

As proposed, H.B. 1029 allows for the creation of municipal development districts in cities having a population of less than 10,000 and which are located in more than two counties.

RULEMAKING AUTHORITY

Rulemaking authority is granted to a municipality development district in SECTION 1 (Section 377.072, Local Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 12A, Local Government Code, by adding Chapter 377, as follows:

CHAPTER 377. MUNICIPAL DEVELOPMENT DISTRICTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 377.001. DEFINITIONS. Defines "board," "district," and "development project."

Sec. 377.002. APPLICATION. Provides that this chapter applies only to a municipality with a population of less than 10,000 that is located in more than two counties, at least one of which borders the Gulf of Mexico.

SUBCHAPTER B. MUNICIPAL DEVELOPMENT DISTRICT

Sec. 377.021. CREATION. Sets forth provisions regarding the authorization for a municipality to create an election on the question of creating a municipal development district (district).

Sec. 377.022. POLITICAL SUBDIVISION; OPEN MEETINGS. Provides that a district is a political subdivision and subject to Chapter 551, Government Code.

SUBCHAPTER C. BOARD OF DIRECTORS

Sec. 377.051. COMPOSITION AND APPOINTMENT OF BOARD. Sets forth provisions regarding the composition of the board of directors of a district (board).

Sec. 377.052. COMPENSATION. Provides that a board member is not entitled to compensation, but is entitled to reimbursement for actual and necessary expenses.

Sec. 377.053. MEETINGS. Requires the board to conduct its meetings in the municipality

in which the district is located.

Sec. 377.054. OFFICERS. Requires the board to designate from the members of the board a presiding officer, a secretary, and other officers the board considers necessary.

SUBCHAPTER D. POWERS AND DUTIES

Sec. 377.071. GENERAL POWERS OF DISTRICT. Sets forth provisions regarding the powers and duties of the district.

Sec. 377.072. DEVELOPMENT PROJECT FUND. Requires a district to establish by resolution a fund known as the development project fund. Sets forth provisions regarding the development project fund.

Sec. 377.073. BONDS AND OTHER OBLIGATIONS. Authorizes a district to issue certain obligations.

Sec. 377.074. PUBLIC PURPOSE OF PROJECT. Provides that the legislature finds that a development project is owned, used, and held for public purposes. Sets forth provisions regarding the effect of the Tax Code on the district.

SUBCHAPTER E. SALES AND USE TAX

Sec. 377.101. SALES AND USE TAX. Authorizes a district to impose a sales and use tax, only if the tax is approved at an election held under Section 377.021. Prohibits a district from adopting a sales and use tax under certain conditions.

Sec. 377.102. TAX CODE APPLICABLE. Provides that Chapter 323, Tax Code, governs the imposition, computation, administration, collection, and remittance of a tax authorized under this section, except as inconsistent with this subchapter. Provides that Section 323.101(b), Tax Code, does not apply to the tax.

Sec. 377.103. TAX RATE. Requires the tax rate adopted under this subchapter to be one-eighth, one-fourth, three-eighths, or one-half of one percent.

Sec. 377.104. REPEAL OR RATE CHANGE. Sets forth provisions regarding the authorization of districts to change the tax rate. Sets forth requirements for elections for tax rate changes.

Sec. 377.105. IMPOSITION OF TAX. Sets forth provisions regarding the imposition of a tax based on receipt sales of taxable items in the district.

Sec. 377.106. EFFECTIVE DATE OF TAX. Sets forth a provision regarding the effective date of tax.

Sec. 377.107. COLLECTION OF TAX TO PAY BONDS OR OTHER OBLIGATIONS. Authorizes the district to collect certain taxes. Sets forth a provision regarding the repeal of taxes.

Sec. 377.108. DEPOSIT OF TAX REVENUES. Requires revenue from the tax imposed under this subchapter to be deposited in the development project fund of the district imposing the tax.

SECTION 2. Emergency clause.
Effective date: upon passage.