

## **BILL ANALYSIS**

Senate Research Center

S.B. 1806  
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### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

As proposed, S.B. 1806 creates the West Ranch Management District (district) as a political subdivision of the State of Texas to administer and provide funding for community improvement projects and services in the district, which is located entirely within the City of Friendswood and Galveston and Harris counties. The district will be a municipal management district similar to those operating pursuant to Chapter 375 (Municipal Management District in General), Local Government Code, and Title 4, Special Districts Code.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. CREATION OF DISTRICT. (a) Provides that the West Ranch Management District (district) is a special district created under Section 59, Article XVI, Texas Constitution.

(b) Authorizes the board of directors of the district (board) by resolution to change the name of the district.

SECTION 2. DEFINITIONS. Defines "board," "city," "county," and "district."

SECTION 3. DECLARATION OF INTENT. (a) Provides that the creation of the district is essential to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this Act.

(b) Provides that the creation of the district is necessary to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, education, safety, and the public welfare in the area of the district.

(c) Prohibits the creation of the district and this legislation from being interpreted to relieve Galveston County or Harris County (county) or the City of Friendswood (city) from providing the level of services provided, as of the effective date of this Act, to the area in the district. Provides that the district is created to supplement and not to supplant the county or city services provided in the area in the district.

(d) Provides that by creating the district and in authorizing the city, the county, and other political subdivisions to contract with the district, the legislature has established a program to accomplish the public purposes set out in Section 52-a, Article III, Texas Constitution.

SECTION 4. BOUNDARIES. Sets forth the territory included in the district.

SECTION 5. FINDINGS RELATING TO BOUNDARIES. Provides that the boundaries and field notes of the district form a closure. Provides that if a mistake is made in the field notes or in copying the field notes in the legislative process, the mistake does not in any way affect certain aspects of the district.

SECTION 6. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) Provides that the district is created to serve a public use and benefit. Provides that all the land and other property included in the district will be benefited by the improvements and services to be provided by the district under powers conferred by Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other powers granted under this Act.

(b) Provides that the creation of the district is in the public interest and is essential to accomplish certain objectives.

(c) Sets forth certain functions of the district.

(d) Provides that pedestrian ways along or across a street, whether at grade or above or below the surface, and street lighting, street landscaping, and street art objects are parts of and necessary components of a street and are considered to be a street or road improvement.

(e) Provides that the district will not act as the agent or instrumentality of any private interest even though many private interests, as well as the general public, will be benefited by the district.

SECTION 7. APPLICATION OF OTHER LAW. (a) Provides that, except as otherwise provided by this Act, Chapter 375 (Municipal Management Districts in General), Local Government Code, applies to the district.

(b) Provides that Chapter 311 (Code Construction Act), Government Code, applies to this Act.

SECTION 8. CONSTRUCTION OF ACT. Requires this Act to be liberally construed in conformity with the findings and purposes stated in this Act.

SECTION 9. BOARD OF DIRECTORS IN GENERAL. (a) Provides that, except as provided by Subsection (c), the district is governed by a board of five directors (board) appointed under Section 10.

(b) Provides that directors serve staggered terms of four years, with two or three directors' terms expiring June 1 of each odd-numbered year.

(c) Provides that a position as director on the board that is vacant for any reason including death, resignation, disqualification, or abstention from participation in a vote due to a conflict of interest, is not counted for the purposes of determining the requirements for a quorum of the board.

SECTION 10. APPOINTMENT OF DIRECTORS. (a) Requires the governing body of the city to appoint district directors from persons nominated by the board. Provides that a person is appointed if a majority of the council votes to appoint that person. Requires the board to conform its director nominations to certain requirements.

(b) Authorizes the board, if no qualified names are provided in accordance with Subsection (a)(1) or (2) within 30 days of a written request therefor, to nominate any qualified person as director.

(c) Requires the city to have the right to remove and replace any directors it nominates under Subsection (a)(2) from time to time without cause.

SECTION 11. CONFLICTS OF INTEREST; ONE-TIME AFFIDAVIT. (a) Provides that, except as provided by this section, certain provisions apply to directors.

(b) Provides that Section 171.004 (Affidavit and Abstention from Voting), Local Government Code, does not apply to the district. Requires a director who has a substantial interest in a business or charitable entity that will receive a pecuniary benefit from a board action to file a one-time affidavit declaring the interest. Provides that an

additional affidavit is not required if the director's interest changes. Authorizes the director, after the affidavit is filed with the board secretary, to participate in a discussion or vote on that action if certain conditions are met.

(c) Prohibits a director who is also an officer or employee of a public entity from participating in the discussion of or voting on a matter regarding a contract with that public entity.

(d) Provides that, for purposes of this section, a director has a substantial interest in a charitable entity in the same manner that a person would have a substantial interest in a business entity under Section 171.002 (Substantial Interest in Business Entity), Local Government Code.

**SECTION 12. ADDITIONAL POWERS OF DISTRICT.** (a) Authorizes the district to acquire, construct and finance educational facilities, sites and appurtenances benefiting the district, and convey same to the school district serving the district.

(b) Prohibits the district from exercising the power of eminent domain except to provide for drainage or detention facilities to serve the district in the same manner provided for municipal utility districts operating under Chapter 54, Water Code. Prohibits the district from exercising the power of eminent domain against any property owned by the city or the county.

**SECTION 13. AGREEMENTS; GRANTS.** (a) Authorizes the district to make an agreement with or accept a gift, grant, or loan from any person.

(b) Provides that the implementation of a district project is a governmental function or service for the purposes of Chapter 791 (Interlocal Cooperation Contracts), Government Code.

**SECTION 14. LAW ENFORCEMENT SERVICES.** Authorizes the district, to protect the public interest, to contract with the city to provide law enforcement services in the district above and beyond those provided within the district by the city.

**SECTION 15. REQUIREMENTS FOR FINANCING SERVICES AND IMPROVEMENTS.** Authorizes the district to acquire, construct, finance, operate and maintain any improvement or service authorized under this Act or Chapter 375, Local Government Code; provided that, the board is prohibited from financing a service or improvement project with assessments under this Act unless a written petition requesting that improvement or service has been filed with the board. Requires the petition to be signed by the owners of a majority of the assessed value of real property in the district subject to assessment as determined by the most recent certified tax appraisal roll for the county.

**SECTION 16. UTILITIES.** Prohibits the district from imposing an impact fee or assessment on the property, equipment, rights of way, facilities, or improvements of an electric utility or a power generation company as defined by Section 31.002, Utilities Code, a gas utility as defined by Section 101.003 or 121.001, Utilities Code, a telecommunications provider as defined by Section 51.002, Utilities Code, or of a person that provides to the public cable television or advanced telecommunications services. Requires, if the district, in the exercise of the powers conferred on it by this Act, requires or requests the relocation, rerouting, or removal of electric, gas, water, sewer, communications, or other public utilities, as defined by Sections 31.002, 101.003, 121.001, or 51.002, Utilities Code, the relocation, rerouting, or removal to be at the sole expense of the district.

**SECTION 17. BONDS.** Authorizes the district to issue bonds or other obligations payable in whole or in part from ad valorem taxes, assessments, impact fees, revenue, grants, or other money of the district, or any combination of those sources of money, to pay for any authorized purpose of the district. Authorizes the district, in exercising the district's borrowing power, to issue a bond or other obligation in the form of a bond, note, certificate of participation or other instrument evidencing a proportionate interest in payments to be made by the district, or other type of obligation. Requires the board, at the time bonds payable in whole or in part from taxes

are issued, to levy a continuing direct annual ad valorem tax for each year while all or part of the bonds are outstanding on all taxable property within the district in [a] sufficient amount to pay the interest on the bonds as it becomes due and to create a sinking fund for the payment of the principal of the bonds when due or the redemption price at any earlier required redemption date and to pay the expenses of assessing and collecting the taxes.

SECTION 18. ELECTIONS. (a) Requires the district to hold an election in the manner provided by Subchapter L, Chapter 375, Local Government Code, to obtain voter approval before the district imposes an ad valorem tax or issues bonds payable from ad valorem taxes.

(b) Authorizes the board to include more than one purpose in a single proposition at an election.

(c) Provides that Section 375.243 (Petition Required for Bond Election), Local Government Code, does not apply to the district.

SECTION 19. AD VALOREM TAX. Authorizes the district, if authorized at an election held in accordance with Section 18, to impose an annual ad valorem tax on taxable property in the district for the purposes of the district, including the acquisition, construction, operation and maintenance of the district and the improvements constructed or acquired by the district or for the provision of services. Requires the board to determine the tax rate.

SECTION 20. MUNICIPALITY NOT REQUIRED TO PAY DISTRICT OBLIGATIONS. Provides that, except as provided by Section 375.263 (Dissolution by Municipal Ordinance), Local Government Code, a municipality is not required to pay a bond, note, or other obligation of the district.

SECTION 21. DISBURSEMENTS OR TRANSFERS OF MONEY. Requires the board by resolution to establish the number of directors' signatures and the procedure required for a disbursement or transfer of the district's money.

SECTION 22. COMPETITIVE BIDDING. Requires, in lieu of Subchapter K, Chapter 375, Local Government Code, the provisions of Chapter 49, Water Code, relating to competitive bidding, to apply to the district with respect to contracts for construction or acquisition of water, wastewater and drainage or detention improvements; all other district projects are required to be awarded in accordance with the competitive bidding requirements of a local government corporation operating pursuant to the provisions of Chapter 431 (Texas Transportation Corporation Act), Transportation Code.

SECTION 23. EXCEPTION FOR DISSOLUTION OF DISTRICT WITH OUTSTANDING DEBT. (a) Authorizes the board to vote to dissolve a district that has debt. Requires the district, if the vote is in favor of dissolution, to remain in existence solely for the limited purpose of discharging its debts. Provides that the dissolution is effective when all debts have been discharged.

(b) Provides that Section 375.264 (Limitation), Local Government Code, does not apply to the district.

SECTION 24. MUNICIPAL APPROVAL. Requires the district to obtain approval from the governing body of the city for the issuance of bonds for an improvement project.

SECTION 25. INITIAL DIRECTORS. (a) Sets forth the members of the initial board.

(b) Provides that of the initial directors, the terms of directors appointed for positions 1 and 3 expire June 1, 2007, and the terms of directors appointed for positions 2, 4 and 5 expire June 1, 2009.

(c) Provides that Section 10 does not apply to this section.

(d) Provides that this section expires September 1, 2009.

SECTION 26. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. Authorizes the district to join and pay dues to an organization that enjoys tax-exempt status under Sections 501(c)(3), (4), or (6), Internal Revenue Code of 1986, as amended, and that performs services or provides activities consistent with the furtherance of the purposes of the district. Provides that an expenditure of public money for membership in the organization is considered to further the purposes of the district and to be for a public purpose.

SECTION 27. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. Provides that all or any part of the area of the district is eligible, notwithstanding other statutory criteria, to be included in a tax increment reinvestment zone created by the city under Chapter 311 (Tax Increment Financing Act), Tax Code, or included in a tax abatement reinvestment zone created by the city under Chapter 312 (Property Redevelopment and Tax Abatement Act), Tax Code. Provides that all or any part of the area of the district is also eligible to be included in an enterprise zone created by the city under Chapter 2303 (Enterprise Zones), Government Code.

SECTION 28. ECONOMIC DEVELOPMENT PROGRAMS. Authorizes the district to establish and provide for the administration of one or more programs, including programs for making loans and grants of public money and providing personnel and services of the district, to promote state or local economic development and to stimulate business and commercial activity in the district. Provides that the district has all of the powers and authority of a municipality under Chapter 380 (Miscellaneous Provisions Relating to Municipal Planning and Development), Local Government Code.

SECTION 29. LEGISLATIVE FINDINGS. Provides that all requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 30. EFFECTIVE DATE. Effective date: upon passage or September 1, 2005.