

BILL ANALYSIS

Senate Research Center
87R8815 CXP-F

H.B. 3135
By: Cole (Eckhardt)
Local Government
5/15/2021
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

SH130 Municipal Management District (district) was formed in the 86th Legislature, Regular Session. It is in the unincorporated areas of Travis County and contains land partially in the extended extraterritorial jurisdiction of the City of Austin. The district is located near FM Road 969 close to the Austin Energy solar generation facility.

The plan for this area calls for a high-density multi-use development that will focus on diverse job creation, mixed income residential, retail, and a parkland development initiative. The district will provide the community the tools needed to compete in the recruitment of positive investments from industries such as manufacturing and distribution centers and even allows for opportunities for sporting venues.

Because the district is 100 percent in the unincorporated areas of the county and has only a small portion in the extended extraterritorial jurisdiction of the city, the need for more county participation and oversight has become evident. This legislation adds the authority for consent from the county.

H.B. 3135 amends Chapter 3971, Special District Local Laws Code, to update the approval requirements of the existing SH130 Municipal Management District No. 1. The bill also grants the district the authority to establish defined areas for improvements or services that affect such defined areas, similar to municipal utility districts under Chapter 54, Water Code. It also removes the Section 375.161, Local Government Code, exemption on single-family residential property from assessment.

H.B. 3135 amends current law relating to the powers and duties, authority to issue bonds, and authority to impose a tax of the SH130 Municipal Management District No. 1.

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. Amends Section 3971.0101, Special District Local Laws Code, as follows:

Sec. 3971.0101. DEFINITIONS. Defines "county." Makes nonsubstantive changes.

SECTION 2. Amends Sections 3971.0103(b) and (d), Special District Local Laws Code, as follows:

(b) Provides that, by creating the district and in authorizing the city, the county, and other political subdivisions, rather than the city 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.

(d) Prohibits Chapter 3971 (SH130 Municipal Management District No. 1) and the creation of the district from being interpreted to relieve the city or the county from

providing the level of services provided as of the effective date of the Act enacting Chapter 3971 to the area in the district. Provides that the district is created to supplement and not to supplant city or county services provided in the district. Makes conforming changes.

SECTION 3. Amends Section 3971.0304, Special District Local Laws Code, as follows:

Sec. 3971.0304. LAW ENFORCEMENT SERVICES. Authorizes the district, to protect the public interest, to contract with a qualified party, including the city or the county, rather than including the city, to provide law enforcement services in the district for a fee.

SECTION 4. Amends Subchapter C, Chapter 3971, Special District Local Laws Code, by adding Section 3971.0311, as follows:

Sec. 3971.0311. AUTHORITY TO ESTABLISHED DEFINED AREAS OR DESIGNATED PROPERTY. (a) Authorizes the district, notwithstanding the acreage requirement under Section 54.801(a) (relating to authorizing a district that is composed of at least 1,000 acres to define areas or designate certain property of the district to pay for improvements, facilities, or services that primarily benefit that area or property and do not generally and directly benefit the district as a whole), Water Code, to define areas or designate certain property of the district as provided by Subchapter J (Services for Certain Defined Areas and Designated Property), Chapter 54 (Municipal Utility Districts), Water Code, to pay for improvements, facilities, or services that primarily benefit that area or property and do not generally and directly benefit the district as a whole.

(b) Provides that Section 54.813 (Municipality's Authority Regarding Defined Area), Water Code, does not apply to the district.

SECTION 5. Amends Subchapter D, Chapter 3971, Special District Local Laws Code, by adding Section 3971.0403, as follows:

Sec. 3971.0403. CERTAIN RESIDENTIAL PROPERTY NOT EXEMPT. Provides that Section 375.161 (Certain Residential Property Exempt), Local Government Code, does not apply to the district.

SECTION 6. Amends Section 3971.0506, Special District Local Laws Code, as follows:

Sec. 3971.0506. BONDS AND OTHER OBLIGATIONS FOR IMPROVEMENT UNDER AGREEMENT. Authorizes the obligation, if the improvements financed by an obligation will be conveyed, operated and maintained, or otherwise financed pursuant to, rather than conveyed to or operated and maintained by a municipality or retail utility provider pursuant to, an agreement between the district and the county, a municipality, or a retail utility provider entered into before the issuance of the obligation, to be in the form of bonds, notes, or other obligations payable wholly or partly from assessments, issued by public or private sale, in the manner provided by Subchapter A (Public Improvement Districts), Chapter 372 (Improvement Districts in Municipalities and Counties), Local Government Code.

SECTION 7. Amends Section 3971.0507, Special District Local Laws Code, as follows:

Sec. 3971.0507. New heading: CONSENT OF MUNICIPALITY OR COUNTY REQUIRED. (a) Prohibits the district's board of directors (board) from issuing bonds until the governing body of either a municipality, rather than until each municipality, in whose corporate limits or extraterritorial jurisdiction the district is located or the county in which the district is located has consented by ordinance, resolution, or order to the creation of the district and to the inclusion of land in the district. Makes a nonsubstantive change.

(b) Makes no changes to this subsection.

SECTION 8. Amends Sections 3971.0602(a) and (b), Special District Local Laws Code, as follows:

(a) Authorizes the district to adopt a sales and use tax if the city or the county consents, rather than if the city consents, to the adoption of the tax.

(b) Makes a conforming change.

SECTION 9. Amends Section 3971.0702(a), Special District Local Laws Code, as follows:

(a) Provides that, for the purposes of Subchapter G (Hotel Occupancy Tax), a reference in Chapter 351 (Municipal Hotel Occupancy Taxes), Tax Code, to a municipality is a reference to the district and a reference in Chapter 351, Tax Code, to the municipality's officers or governing body is a reference to the board. Makes nonsubstantive changes.

SECTION 10. Amends Section 3971.0703(a), Special District Local Laws Code, to prohibit the district from imposing a hotel occupancy tax unless the city or the county consents, rather than unless the city consents, to the imposition.

SECTION 11. 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 have been fulfilled and accomplished.

SECTION 12. (a) Provides that the following are validated and confirmed in all respects:

(1) the creation of the SH130 Municipal Management District No. 1; and

(2) any act or proceeding of the district, including an election, not excepted by this section and taken not more than three years before the effective date of this Act, effective as of the date on which the act or proceeding occurred.

(b) Provides that this section does not apply to:

(1) an act, proceeding, director, other official, bond, or other obligation the validity of which or of whom is the subject of litigation that is pending on the effective date of this Act; or

(2) an act or proceeding that, under a statute of this state or the United States, was a misdemeanor or felony at the time the act or proceeding occurred.

SECTION 13. Effective date: upon passage or September 1, 2021.