

## CHAPTER 816

## H.B. No. 2011

## AN ACT

relating to the authority of a city to establish a public improvement district and to undertake and finance projects benefiting the district.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Section 1(b), Public Improvement District Assessment Act (Article 1269j-4.12, Vernon's Texas Civil Statutes), is amended to read as follows:

(b) In this Act:

(1) "City" [~~the "city"~~] means any authorized city to which this Act is applicable under Subsection (a) above.

(2) "Extraterritorial jurisdiction" has the meaning given that term by the Municipal Annexation Act (Article 970a, Vernon's Texas Civil Statutes).

SECTION 2. Section 2, Public Improvement District Assessment Act (Article 1269j-4.12, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 2. AUTHORIZED PUBLIC IMPROVEMENTS. (a) *If the [The] governing body of a city finds that it promotes the interests of the city, the governing body may undertake improvement projects and/or services that confer a special benefit on a definable part of the city or the city's extraterritorial jurisdiction. The improvement projects and/or services may be undertaken in the city or within the city's extraterritorial jurisdiction. The governing body may levy and collect special assessments on property in the district [area], based on the benefit conferred by the improvement project and/or services, to pay all or part of its cost.*

(b) A public improvement project may include:

(1) landscaping; the erection of distinctive lighting and signs; the *acquisition, construction, improvement, widening, narrowing, closing, or rerouting of [streets or] sidewalks or of streets, any other roadways, or their rights-of-way; the acquisition, construction, or improvement of water, wastewater, or drainage facilities or [drainage] improvements; the construction or improvement of pedestrian malls; the establishment or improvement of parks; the erection of fountains; the acquisition and installation of articles of art; the acquisition, construction, or improvement of libraries; [and] the acquisition, construction, or improvement of off-street parking facilities; and the acquisition, construction, improvement, or rerouting of mass transportation facilities;*

(2) other improvements similar to those described in Subdivision (1) of this subsection;

(3) the acquisition, *by purchase or otherwise*, of real property in connection with an authorized improvement;

(4) special supplemental services for improvement and promotion of the district, including but not limited to *services relating to* advertising, promotion, health and sanitation, *water and wastewater*, public safety, security, business recruitment, development, recreation and cultural enhancements; and

(5) expenses incurred in the establishment, administration, and operation of the district.

SECTION 3. Section 4, Public Improvement District Assessment Act (Article 1269j-4.12, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 4. FINANCING COMBINED IMPROVEMENTS. An improvement project on two or more streets or two or more types of improvements [~~in, on, or adjacent to the same street or streets~~] may be included in one proceeding and financed as one improvement.

SECTION 4. Section 5(a), Public Improvement District Assessment Act (Article 1269j-4.12, Vernon's Texas Civil Statutes), is amended to read as follows:

(a) A petition for any district authorized to be financed under this Act may be filed with the city secretary or other officer who performs the function of the city secretary. The petition must state:

- (1) the general nature of the proposed improvement and/or services;
- (2) the estimated cost of the improvement and/or services;
- (3) the boundaries of the proposed assessment district;
- (4) the proposed method of assessment, *which may specify included or excluded classes of assessable property*;
- (5) the proposed apportionment of cost between the improvement district and the city as a whole;
- (6) the proposed management structure for administration of the district by the city, the private sector, or public-private partnership;
- (7) that the persons signing the petition request and/or concur with the making of the improvement district; and
- (8) that an advisory body may be established with the responsibility of developing and recommending a service and improvement plan to the governing body. The composition of the advisory body shall include more than 50 percent of owners of record of property or record owners of property of more than 50 percent of the land area and owners of taxable property representing more than 50 percent of the appraised value of the taxable real property including the value of structures and other improvements within the area as determined by the current roll of the countywide appraisal district in which the property is located. The composition and appointments shall be approved by the governing body.

SECTION 5. Section 7(b), Public Improvement District Assessment Act (Article 1269j-4.12, Vernon's Texas Civil Statutes), is amended to read as follows:

(b) Notice of the hearing shall be given in a newspaper of general circulation in the city. *If any part of the improvement district is to be located in the city's extraterritorial jurisdiction or if any part of the services and/or improvements is to be undertaken in the city's extraterritorial jurisdiction, the notice must also be given in a newspaper of general circulation in the part of the extraterritorial jurisdiction in which the district is to be located or in which the services and/or improvements are to be undertaken.* The final publication must be at least 15 days before the date of the hearing. The notice shall include the following information:

- (1) the time and place of the hearing;
- (2) the general nature of the proposed improvement;
- (3) the estimated cost of the improvement;
- (4) the boundaries of the proposed assessment district;
- (5) the proposed method of assessment; and
- (6) the proposed apportionment of cost between the improvement district and the city as a whole.

SECTION 6. Section 8(a), Public Improvement District Assessment Act (Article 1269j-4.12, Vernon's Texas Civil Statutes), is amended to read as follows:

(a) At any time within six months after the final adjournment of the hearing to establish an improvement district, the governing body of the city by a majority vote of all members may adopt a resolution authorizing the improvement district in accordance with its finding as to the advisability of the improvements and/or services. The authorization takes effect when it has been published one time in a newspaper of general circulation in the city. *If any part of the improvement district is located in the city's extraterritorial jurisdiction or if any part of the improvements and/or services is to be undertaken in the city's extraterritorial jurisdiction, the authorization does not take effect until the notice is also given one time in a newspaper of general circulation in the part of the extraterritorial jurisdiction in which the district is located or in which the improvements and/or services are to be undertaken.* Actual construction of the improvements or implementation of the services may not begin until 20 days after the authorization takes effect.

SECTION 7. Section 10(a), Public Improvement District Assessment Act (Article 1269j-4.12, Vernon's Texas Civil Statutes), is amended to read as follows:

(a) An assessment plan must provide that at least 10 [20] percent of the cost of an improvement be paid by special assessments against property in the improvement district.

SECTION 8. Section 11(b), Public Improvement District Assessment Act (Article 1269j-4.12, Vernon's Texas Civil Statutes), is amended to read as follows:

(b) The proposed assessment roll shall be filed with the city secretary or other officer who performs the function of city secretary and be open for public inspection. The governing body shall direct the secretary to publish notice that the governing body will meet to consider the proposed assessments at a public hearing. The notice must be published in a newspaper of general circulation in the city at least 10 days before the hearing and shall state the date, time, and place of the hearing, the general nature of the improvement and/or services, the cost of the improvement and/or services, the boundaries of the assessment district, and that written or oral objections will be considered at the hearing. *If any part of the improvement district is located in the city's extraterritorial jurisdiction or if any part of the improvement and/or services is to be undertaken in the city's extraterritorial jurisdiction, the notice must also be published, at least 10 days before the hearing, in a newspaper of general circulation in the part of the extraterritorial jurisdiction in which the district is located or in which the improvement and/or services are to be undertaken.*

SECTION 9. Section 12(b), Public Improvement District Assessment Act (Article 1269j-4.12, Vernon's Texas Civil Statutes), is amended to read as follows:

(b) All assessments bear interest at a rate specified by the governing body, which may not exceed one-half percentage point above the actual interest rate paid on the public debt being used to finance the improvements and/or services. Interest on the assessment between the effective date of the ordinance levying the assessment and the date the first installment is payable shall be added to the first installment. The interest *on any delinquent installment [for one year on all unpaid installments]* shall be added to each subsequent installment until paid. An assessment or any reassessment, *with interest, the expense of collection, and reasonable attorney's fees, if incurred,* is a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for state, county, school district, or city ad valorem taxes, and is a personal liability of and charge against the owners of the property regardless of whether the owners are named. *The lien is effective from the date of the ordinance levying the assessment until the assessment [it] is paid and may be enforced by the governing body in the same manner that an ad valorem tax lien against real property may be enforced by the governing body.* The owner of any property assessed may pay the entire assessment against any lot or parcel with accrued interest to the date of the payment at any time.

SECTION 10. Section 17, Public Improvement District Assessment Act (Article 1269j-4.12, Vernon's Texas Civil Statutes), is amended by adding Subsection (g) to read as follows:

*(g) The costs of any improvement and/or services shall include all costs incurred in connection with the issuance of bonds under Section 18 or 19 of this Act and may be included in the assessments against the property in the improvement district as provided by this Act.*

SECTION 11. All petitions heretofore filed and accepted by the city secretary or other officer who performs the functions of city secretary regarding the establishment of a public improvement district are deemed to meet the requirements of Section 5, Public Improvement District Assessment Act (Article 1269j-4.12, Vernon's Texas Civil Statutes), and are hereby in all respects validated, ratified, confirmed, and held to be enforceable, and any resolution heretofore adopted by a city pursuant to said petitions are hereby in all respects validated, ratified, confirmed, and held to be enforceable.

SECTION 12. (a) The actions of cities establishing improvement districts and undertaking improvement projects or services before the effective date of this Act are governed by the law in effect at the time the actions were taken. The former law is continued in effect for this purpose.

(b) By enacting these amendments to the Public Improvement District Assessment Act (Article 1269j-4.12, Vernon's Texas Civil Statutes), the legislature does not imply that cities could not under the former law undertake improvement projects or services within their extraterritorial jurisdiction.

SECTION 13. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on May 15, 1987, by the following vote: Yeas 144, Nays 0, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2011 on May 28, 1987, by a non-record vote. Passed by the Senate, with amendments, on May 23, 1987, by the following vote: Yeas 30, Nays 0.

Approved June 19, 1987.

Effective Aug. 31, 1987, 90 days after date of adjournment.