

SPECIAL DISTRICT LOCAL LAWS CODE  
TITLE 4. DEVELOPMENT AND IMPROVEMENT  
SUBTITLE C. DEVELOPMENT, IMPROVEMENT, AND MANAGEMENT  
CHAPTER 3805. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 3

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3805.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of the district.

(2) "District" means the Harris County Improvement District No. 3.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Amended by:

Acts 2005, 79th Leg., Ch. 728 (H.B. 2018), Sec. 18.003(b), eff. September 1, 2005.

Sec. 3805.002. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 3. A special district known as the "Harris County Improvement District No. 3" is a governmental agency and political subdivision of this state.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Amended by:

Acts 2005, 79th Leg., Ch. 728 (H.B. 2018), Sec. 18.003(c), eff. September 1, 2005.

Sec. 3805.003. PURPOSE; DECLARATION OF INTENT. (a) 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 chapter. By creating the district and in authorizing Harris County, the City of Houston, 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.

(b) The creation of the district is necessary to promote, develop, encourage, and maintain employment, commerce,

transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public welfare in the area traversed by Kirby Drive in the city of Houston.

(c) This chapter and the creation of the district may not be interpreted to relieve Harris County or the City of Houston from providing the level of services provided as of September 1, 1997, to the area in the district or to release the county or the city from the obligations of each entity to provide services to that area. The district is created to supplement and not to supplant the county or city services provided in the area in the district.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 3805.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) The district is created to serve a public use and benefit.

(b) All land and other property included in the district will benefit from 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 chapter.

(c) Each improvement project or service authorized by this chapter is essential to carry out a public purpose.

(d) The creation of the district is in the public interest and is essential to:

(1) further the public purposes of developing and diversifying the economy of the state;

(2) eliminate unemployment and underemployment; and

(3) develop or expand transportation and commerce.

(e) The district will:

(1) promote the health, safety, and general welfare of residents, employers, employees, visitors, and consumers in the district, and of the public;

(2) provide needed funding for the Kirby Drive vicinity of the city of Houston to preserve, maintain, and enhance the economic health and vitality of the area as a community and business center;

(3) promote the health, safety, welfare, and enjoyment of the public by providing public art and pedestrian ways and by

landscaping and developing certain areas in the district, which are necessary for the restoration, preservation, and enhancement of scenic and aesthetic beauty;

(4) promote and benefit commercial development and commercial areas in the Kirby Drive vicinity of the city of Houston; and

(5) promote and develop public transportation and pedestrian facilities and systems using new and alternative means that are attractive, safe, and convenient, including securing expanded and improved transportation and pedestrian facilities and systems, to:

(A) address the problem of traffic congestion in the district, the need to control traffic and improve pedestrian safety, and the limited availability of money; and

(B) benefit the land and other property in the district and the residents, employers, employees, visitors, and consumers in the district and the public.

(f) 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.

(g) The district will not act as the agent or instrumentality of any private interest even though the district will benefit many private interests as well as the public.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 3805.005. DISTRICT TERRITORY. (a) The district is composed of the territory described by Section 1, Chapter 1202, Acts of the 77th Legislature, Regular Session, 2001, amending former Section 376.154, Local Government Code, as that territory may have been modified under:

(1) Section 3805.105 or its predecessor statutes, former Section 376.124(b), Local Government Code, as added by Chapter 275, Acts of the 75th Legislature, Regular Session, 1997, and former Section 376.154(b), Local Government Code;

(2) Subchapter J, Chapter 49, Water Code; or

(3) other law.

(b) The boundaries and field notes of the district contained in Section 1, Chapter 1202, Acts of the 77th Legislature, Regular Session, 2001, amending former Section 376.154, Local Government Code, form a closure. A mistake in the field notes or in copying the field notes in the legislative process does not in any way affect:

(1) the district's organization, existence, and validity;

(2) the district's right to issue any type of bond, including a refunding bond, for a purpose for which the district is created or to pay the principal of and interest on the bond;

(3) the district's right to impose and collect an assessment or tax; or

(4) the legality or operation of the district or the board.

(c) A description of the district's boundaries shall be filed with the Texas Commission on Environmental Quality. The commission by order may correct a mistake in the description of the district's boundaries.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 3805.006. TORT LIABILITY. The district is a governmental unit under Chapter 101, Civil Practice and Remedies Code, and the operations of the district are essential government functions and are not proprietary functions for any purpose, including the application of Chapter 101, Civil Practice and Remedies Code.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 3805.007. ELIGIBILITY FOR REINVESTMENT ZONES. All or any part of the area of the district is eligible to be included in a tax increment reinvestment zone created by the City of Houston under Chapter 311, Tax Code.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 3805.009. LIBERAL CONSTRUCTION OF CHAPTER. This chapter shall be liberally construed in conformity with the

findings and purposes stated in this chapter.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

#### SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3805.051. BOARD OF DIRECTORS; TERMS. (a) The district is governed by a board of five directors who serve staggered terms of four years.

(b) The board by resolution may increase or decrease the number of directors on the board, but only if a majority of the board finds that it is in the best interest of the district to do so. The board may not:

(1) increase the number of directors to more than nine; or

(2) decrease the number of directors to fewer than five.

(c) Sections 49.053, 49.054, 49.056, 49.057, 49.058, and 49.060, Water Code, apply to the board.

(d) Subchapter D, Chapter 375, Local Government Code, applies to the board to the extent that subchapter does not conflict with this chapter.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 3805.052. APPOINTMENT OF DIRECTORS ON INCREASE IN BOARD SIZE. If the board increases the number of directors under Section 3805.051, the board shall appoint qualified persons to fill the new director positions and shall provide for staggering the terms of the directors serving in the new positions. On expiration of the term of a director appointed under this section, a succeeding director shall be appointed and qualified as provided by Subchapter D, Chapter 375, Local Government Code.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

#### SUBCHAPTER C. POWERS AND DUTIES

Sec. 3805.101. DISTRICT POWERS. The district has:

(1) all powers necessary to accomplish the purposes

for which the district was created;

(2) the rights, powers, privileges, authority, and functions of a district created under Chapter 375, Local Government Code;

(3) the powers, duties, and contracting authority specified by Subchapters H and I, Chapter 49, Water Code;

(4) the powers given to a corporation under Chapter 505, Local Government Code, including the power to own, operate, acquire, construct, lease, improve, and maintain the projects described by that chapter; and

(5) the powers of a housing finance corporation created under Chapter 394, Local Government Code.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.34, eff. April 1, 2009.

Sec. 3805.102. NONPROFIT CORPORATION. (a) The board by resolution may authorize the creation of a nonprofit corporation to assist and act for the district in implementing a project or providing a service authorized by this chapter.

(b) The nonprofit corporation:

(1) has each power of and is considered for purposes of this chapter to be a local government corporation created under Chapter 431, Transportation Code; and

(2) may implement any project and provide any service authorized by this chapter.

(c) The board shall appoint the board of directors of the nonprofit corporation. The board of directors of the nonprofit corporation shall serve in the same manner as, for the same term as, and on the same conditions as the board of directors of a local government corporation created under Chapter 431, Transportation Code.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 3805.103. ELECTIONS. (a) District elections must be held in the manner provided by Subchapter L, Chapter 375, Local

Government Code.

(b) The board may submit multiple purposes in a single proposition at an election.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 3805.104. CONTRACT FOR LAW ENFORCEMENT AND SECURITY SERVICES. The district may contract with:

(1) Harris County or the City of Houston for the county or city to provide law enforcement and security services for a fee; and

(2) a private entity for the private entity to provide supplemental security services.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 3805.105. ANNEXATION OR EXCLUSION OF TERRITORY. The district may annex or exclude land from the district in the manner provided by Subchapter C, Chapter 375, Local Government Code.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 3805.106. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

Added by Acts 2005, 79th Leg., Ch. 684 (S.B. 224), Sec. 5, eff. June 17, 2005.

#### SUBCHAPTER D. FINANCIAL PROVISIONS

Sec. 3805.151. AUTHORITY TO IMPOSE ASSESSMENTS, AD VALOREM TAXES, AND IMPACT FEES. The district may impose, assess, charge, or collect an assessment, an ad valorem tax, an impact fee, or another fee in accordance with Chapter 49, Water Code, for a purpose specified by Chapter 375, Local Government Code, or as needed to exercise a power or function or to accomplish a purpose or duty for which the district was created.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 3805.152. MAINTENANCE TAX. (a) If authorized at an election held in accordance with Section 3805.103, the district may

impose an annual ad valorem tax on taxable property in the district to maintain, restore, replace, or operate the district and improvements that the district constructs or acquires or the district's facilities, works, or services.

(b) The board shall determine the tax rate.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 3805.1525. ASSESSMENT IN PART OF DISTRICT. An assessment may be imposed on only a part of the district if only that part will benefit from the service or improvement.

Added by Acts 2005, 79th Leg., Ch. 728 (H.B. 2018), Sec. 18.003(d), eff. September 1, 2005.

Sec. 3805.1526. PETITION REQUIRED FOR ASSESSMENT AND FOR FINANCING SERVICES AND IMPROVEMENTS. (a) The board may not impose an assessment or finance a service or improvement project under this chapter unless a written petition requesting the improvement or service has been filed with the board.

(b) The petition must be signed by:

(1) the owners of a majority of the assessed value of real property in the district or in the area of the district that will be subject to the assessment as determined by the most recent certified tax appraisal roll for Harris County; or

(2) at least 25 persons who own real property in the district or the area of the district that will be subject to the assessment, if more than 25 persons own real property in the district or area that will be subject to the assessment as determined by the most recent certified tax appraisal roll for Harris County.

Added by Acts 2005, 79th Leg., Ch. 728 (H.B. 2018), Sec. 18.003(d), eff. September 1, 2005.

Sec. 3805.153. ASSESSMENTS CONSIDERED TAXES. For purposes of a title insurance policy issued under Title 11, Insurance Code, an assessment is a tax.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Amended by:



Acts 2005, 79th Leg., Ch. 728 (H.B. 2018), Sec. 11.160, eff. September 1, 2005.

Sec. 3805.154. LIENS FOR ASSESSMENTS; SUITS TO RECOVER ASSESSMENTS. (a) An assessment imposed on property under this chapter is a personal obligation of the person who owns the property on January 1 of the year for which the assessment is imposed. If the person transfers title to the property, the person is not relieved of the obligation.

(b) On January 1 of the year for which an assessment is imposed on a property, a lien attaches to the property to secure the payment of the assessment and any interest accrued on the assessment. The lien has the same priority as a lien for district taxes.

(c) Not later than the fourth anniversary of the date on which a delinquent assessment became due, the district may file suit to foreclose the lien or to enforce the obligation for the assessment, or both, and for any interest accrued.

(d) In addition to recovering the amount of the assessment and any accrued interest, the district may recover reasonable costs, including attorney's fees, that the district incurs in foreclosing the lien or enforcing the obligation. The costs may not exceed an amount equal to 20 percent of the assessment and interest.

(e) If the district does not file a suit in connection with a delinquent assessment on or before the last date on which the district may file suit under Subsection (c), the assessment and any interest accrued is considered paid.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 3805.155. PROPERTY OF CERTAIN UTILITIES EXEMPT FROM ASSESSMENT AND IMPACT FEES. The district may not impose an impact fee or assessment on the property, including equipment or facilities, of:

(1) an electric utility as defined by Section 31.002, Utilities Code;

(2) a gas utility as defined by Section 101.003 or 121.001, Utilities Code;

(3) a telecommunications provider as defined by Section 51.002, Utilities Code; or

(4) a cable operator as defined by 47 U.S.C. Section 522, as amended.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Amended by:

Acts 2005, 79th Leg., Ch. 728 (H.B. 2018), Sec. 18.003(e), eff. September 1, 2005.

Sec. 3805.156. DEBT. The district may issue bonds, notes, or other debt obligations in accordance with Subchapters I and J, Chapter 375, Local Government Code, for a purpose specified by that chapter or as required to exercise a power or function or to accomplish a purpose or duty for which the district was created.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 3805.157. USE OF ELECTRICAL OR OPTICAL LINES. (a) The district may impose an assessment to pay the cost of:

(1) burying or removing electrical power lines, telephone lines, cable or fiber optic lines, or any other type of electrical or optical line;

(2) removing poles and any elevated lines using the poles; and

(3) reconnecting the lines described by Subdivision (2) to the buildings or other improvements to which the lines were connected.

(b) The district may acquire, operate, or charge fees for the use of the district conduits for:

(1) another person's:

(A) telecommunications network;

(B) fiber-optic cable; or

(C) electronic transmission line; or

(2) any other type of transmission line or supporting facility.

(c) The district may not require a person to use a district conduit.

Added by Acts 2005, 79th Leg., Ch. 728 (H.B. 2018), Sec. 18.003(f),

eff. September 1, 2005.

#### SUBCHAPTER E. DISSOLUTION

Sec. 3805.201. DISSOLUTION OF DISTRICT WITH OUTSTANDING DEBT. (a) The district may be dissolved as provided by Subchapter M, Chapter 375, Local Government Code.

(b) Regardless of Section 375.264, Local Government Code, if the district has debt, the district may be dissolved as provided by Subchapter M, Chapter 375, Local Government Code. If the district has debt when it is dissolved, the district shall remain in existence solely for the purpose of discharging its bonds or other obligations according to their terms.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

#### SUBCHAPTER F. PUBLIC TRANSIT SYSTEM AND PARKING FACILITIES

Sec. 3805.251. PUBLIC TRANSIT SYSTEM; PETITION REQUIRED.

(a) The district may acquire, lease as lessor or lessee, construct, develop, own, operate, and maintain a public transit system to serve the area within the boundaries of the district.

(b) Before the district may act under Subsection (a), a petition must be filed with the district that requests the action with regard to a public transit system. The petition must be signed by owners of property representing a majority of the total assessed value or a majority of the area of the real property in the district that abuts the right-of-way in which the public transit system is proposed to be located. The determination of a majority is based on the property owners along the entire right-of-way of the proposed transit project and may not be computed on a block-by-block basis.

Added by Acts 2005, 79th Leg., Ch. 728 (H.B. 2018), Sec. 18.003(g), eff. September 1, 2005.

Sec. 3805.252. PARKING FACILITIES AUTHORIZED; OPERATION BY PRIVATE ENTITY; TAX EXEMPTION. (a) The district may acquire, lease as lessor or lessee, construct, develop, own, operate, and maintain

parking facilities, including:

(1) lots, garages, parking terminals, or other structures or accommodations for parking motor vehicles; and

(2) equipment, entrances, exits, fencing, and other accessories necessary for safety and convenience in parking vehicles.

(b) A parking facility of the district must be leased to or operated on behalf of the district by an entity other than the district.

(c) The district's parking facilities are a program authorized by the legislature under Section 52-a, Article III, Texas Constitution, and serve a public purpose under that section even if leased or operated by a private entity for a term of years.

(d) The district's public parking facilities and any lease to a private entity are exempt from the payment of ad valorem taxes and state and local sales and use taxes.

Added by Acts 2005, 79th Leg., Ch. 728 (H.B. 2018), Sec. 18.003(g), eff. September 1, 2005.

Sec. 3805.253. RULES FOR TRANSIT OR PARKING SYSTEM. (a) The district may adopt rules covering its public transit system or its public parking facilities.

(b) A rule adopted under this section that relates to or affects the use of the public right-of-way or a requirement for off-street parking is subject to all applicable municipal charter, code, or ordinance requirements.

Added by Acts 2005, 79th Leg., Ch. 728 (H.B. 2018), Sec. 18.003(g), eff. September 1, 2005.

Sec. 3805.254. PAYING COST OF PUBLIC TRANSIT SYSTEM OR PARKING FACILITIES. (a) The district may use any of its resources, including revenue, assessments, taxes, and grant or contract proceeds, to pay the cost of acquiring and operating a public transit system or public parking facilities.

(b) The district may:

(1) set and impose fees, charges, or tolls for the use of the public transit system or the public parking facilities; and

(2) issue bonds or notes to finance the cost of these facilities.

(c) Except as provided by Section 3805.251, if the district pays for or finances the cost of acquiring or operating a public transit system or public parking facilities with resources other than assessments, a petition of property owners or a public hearing is not required.

Added by Acts 2005, 79th Leg., Ch. 728 (H.B. 2018), Sec. 18.003(g), eff. September 1, 2005.

Sec. 3805.255. PAYMENT IN LIEU OF TAXES TO OTHER TAXING UNIT. If the district's acquisition of property for a parking facility that is leased to or operated by a private entity results in removing from a taxing unit's tax rolls real property otherwise subject to ad valorem taxation, the district shall pay to the taxing unit in which the property is located, on or before January 1 of each year, as a payment in lieu of taxes, an amount equal to the ad valorem taxes that otherwise would have been levied for the preceding tax year on that real property by the taxing unit, without including the value of any improvements constructed on the property.

Added by Acts 2005, 79th Leg., Ch. 728 (H.B. 2018), Sec. 18.003(g), eff. September 1, 2005.