



Testimony

House Bill 183 Municipal Management Districts

Testimony Before the Texas House Committee on Urban Affairs

Chairman Lozano and Members of the Committee:

My name is Rod Bordelon and I am appearing on behalf of the Texas Public Policy Foundation testifying in support of House Bill 183 relating to the dissolution of Municipal Management Districts.

Municipal Management Districts (MMDs) are a form of special purpose district created by statute with the power to levy taxes, fees, and ordinances. The authority to create MMDs exists in the Texas Local Government Code, Chapter 375. The code currently authorizes the dissolution of existing MMDs, upon the written petition of the owners of at least two thirds of the assessed value of the property subject to assessment or taxation by the district.

House Bill 183 would lower the threshold to a majority of the owners of such property making it easier for affected property owners to dissolve a district they view as no longer acting in their interests.

The authority to dissolve an existing MMD is an important check on the authority and power of these districts which have the power of government but without regular voting of all the residents of the district.

MMDs are a statutory creation much like other Special Purpose Districts. A recent interim report by the Senate Committee on Local Government showed a proliferation of special purpose districts in Texas now exceeding 1,000. The report found significant examples of overlapping territories and jurisdictions with multiple taxes and fees imposed on landowners and residents. This often creates confusion and lack of transparency. While MMDs are restricted from imposing taxes on single family residences, many commercial and multi-family properties are subject to these taxes and assessments.

While the authority to create these entities exists in statute, a majority of affected property owners should be authorized to dissolve a district which no longer acts in their interest.

Thank you, and we would be happy to work with your committee on this important topic.

Rod Bordelon is a Distinguished Senior Fellow for Regulatory Affairs at the Texas Public Policy Foundation. He is an attorney and former state regulator with over 30 years of experience in regulatory and legislative affairs. He is an 11-term gubernatorial appointee, former Commissioner of Workers' Compensation, and former Public Insurance Counsel.

