

By: Toth

H.B. No. 5311

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the creation and operation of a development zone by and
3 the tax revenue received by The Woodlands Township; providing
4 authority to issue bonds; providing authority to impose assessments
5 and taxes.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. Section 7, Chapter 289, Acts of the 73rd
8 Legislature, Regular Session, 1993, is amended by adding Subsection
9 (gg) to read as follows:

10 (gg) The district shall be treated the same in all respects
11 as an incorporated municipality for the purposes of Section
12 183.051, Tax Code.

13 SECTION 2. Section 11C, Chapter 289, Acts of the 73rd
14 Legislature, Regular Session, 1993, is amended by amending
15 Subsections (b), (f), (l), (p), and (q) and adding Subsections
16 (b-1) and (b-2) to read as follows:

17 (b) The board, on its own motion or on receipt of a petition
18 signed by the owners of all real property in a defined area of the
19 district, by resolution may create, designate, describe, assign a
20 name to, and appoint the governing body for a development zone in
21 the district:

22 (1) to promote initial development or substantial
23 redevelopment of the area; or

24 (2) if the area to be designated as the development

1 zone is composed solely of one or more hotels, to undertake one or
2 more projects to provide supplemental advertising, promotion, or
3 business recruitment services for the area to increase hotel
4 activity [~~if the board finds that the creation of the zone will~~
5 ~~further the public purposes of:~~

6 ~~[(1) the development and diversification of the~~
7 ~~economy of the district and the state;~~

8 ~~[(2) the elimination of unemployment or~~
9 ~~underemployment in the district and the state;~~

10 ~~[(3) the development or expansion of transportation or~~
11 ~~commerce in the district and the state; or~~

12 ~~[(4) the promotion and stimulation of business,~~
13 ~~commercial, and economic activity in the district and the state].~~

14 (b-1) The board may create a development zone under
15 Subsection (b) of this section if the board finds that the creation
16 of the zone will further the public purposes of:

17 (1) the development and diversification of the economy
18 of the district and the state;

19 (2) the elimination of unemployment or
20 underemployment in the district and the state;

21 (3) the development or expansion of transportation or
22 commerce in the district and the state; or

23 (4) the promotion and stimulation of business,
24 commercial, and economic activity in the district and the state.

25 (b-2) A development zone composed solely of one or more
26 hotels may fund or provide services for the purposes for which the
27 zone was created.

1 (f) A resolution designating an area as a development zone
2 must:

3 (1) describe the boundaries of the zone sufficiently
4 to identify with reasonable certainty the territory included;

5 (2) provide an effective date for the creation of the
6 zone;

7 (3) provide a date for termination of the zone;

8 (4) assign a name to the zone for identification;

9 (5) adopt a preliminary financing plan for the zone;

10 (6) establish a tax increment fund or project fund for
11 the zone; and

12 (7) appoint the governing body for the zone or
13 authorize the board to serve ex officio as the governing body of the
14 zone.

15 (1) The board and the governing body each may enter into an
16 agreement considered necessary or convenient to implement a project
17 plan and development zone financing plan and achieve their
18 purposes, including, for a development zone composed solely of one
19 or more hotels, an agreement with a convention and visitors bureau
20 within or adjacent to the district. An agreement may provide for
21 the regulation or restriction of the use of land by imposing
22 conditions, restrictions, or covenants that run with the land. An
23 agreement may dedicate revenue from the tax increment fund or
24 project fund to pay project costs and may provide that a restriction
25 adopted by the governing body continues in effect after the
26 termination of the development zone. The district and the
27 development zone may agree that the district will provide

1 administration, management, investment, accounting, and other
2 services for the zone in consideration for the benefits received by
3 the district through the implementation of the project plan for the
4 zone.

5 (p) Sections 311.002 and 311.014 through 311.017, Tax Code,
6 apply to the district, except that for purposes of this subsection:

7 (1) a reference in those sections to a municipality
8 means the district and the development zone;

9 (2) a reference in those sections to an ordinance
10 means an order;

11 (3) a reference in those sections to a reinvestment
12 zone means a development zone;

13 (4) a reference in those sections to an agreement made
14 under Subsection (b), Section 311.010, Tax Code, means an agreement
15 made under Subsection (1) of this section;

16 (5) "development" means initial development;

17 (6) "redevelopment" means substantial redevelopment;

18 (7) Section 311.016, Tax Code, applies only if ad
19 valorem taxes are used, in whole or in part, in payment of project
20 costs of a development zone; ~~and~~

21 (8) a development zone created without a duration or
22 date of termination may be dissolved by a two-thirds vote of the
23 board of directors of the district or of the governing body of a
24 municipality or other form of local government, other than the
25 development zone, succeeding to the principal assets, powers,
26 functions, and liabilities of the district, but only if:

27 (A) the development zone has no outstanding

1 indebtedness or other obligations; or

2 (B) the assets, powers, functions, and
3 liabilities, and any outstanding indebtedness or obligations, of
4 the development zone are expressly assumed by the district or the
5 succeeding municipality or local government; and

6 (9) a development zone composed solely of one or more
7 hotels must be dissolved by the board of directors of the district
8 on receipt of a petition for dissolution of the development zone
9 signed by the owners of at least 60 percent of the assessed value of
10 the real property in the development zone and the district must
11 expressly assume the assets, powers, functions, and liabilities,
12 and any outstanding indebtedness or obligations, of the development
13 zone.

14 (q) Upon the creation and organization of a development zone
15 over the territory of one or more existing development zones, and
16 upon the imposition or assessment by the governing body of an ad
17 valorem tax or limited sales and use tax for the development zone,
18 any [the] existing development zones that impose or assess an ad
19 valorem or sales and use tax are dissolved and abolished and all
20 assets, properties, indebtedness, obligations, and liabilities of
21 the existing development zones transfer to and are assumed by the
22 newly created and organized development zone.

23 SECTION 3. Section 7(gg), Chapter 289, Acts of the 73rd
24 Legislature, Regular Session, 1993, as added by this Act, applies
25 only to taxes received on or after October 1, 2023. The comptroller
26 shall make the first transfer required by that subsection not later
27 than January 31, 2024.

1 SECTION 4. (a) The legal notice of the intention to
2 introduce this Act, setting forth the general substance of this
3 Act, has been published as provided by law, and the notice and a
4 copy of this Act have been furnished to all persons, agencies,
5 officials, or entities to which they are required to be furnished
6 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
7 Government Code.

8 (b) The governor, one of the required recipients, has
9 submitted the notice and Act to the Texas Commission on
10 Environmental Quality.

11 (c) The Texas Commission on Environmental Quality has filed
12 its recommendations relating to this Act with the governor,
13 lieutenant governor, and speaker of the house of representatives
14 within the required time.

15 (d) All requirements of the constitution and laws of this
16 state and the rules and procedures of the legislature with respect
17 to the notice, introduction, and passage of this Act have been
18 fulfilled and accomplished.

19 SECTION 5. This Act takes effect September 1, 2023.