

1-1 By: Toth (Senate Sponsor - Creighton) H.B. No. 5311
 1-2 (In the Senate - Received from the House May 8, 2023;
 1-3 May 10, 2023, read first time and referred to Committee on Natural
 1-4 Resources & Economic Development; May 15, 2023, reported
 1-5 adversely, with favorable Committee Substitute by the following
 1-6 vote: Yeas 5, Nays 1, one present not voting; May 15, 2023, sent to
 1-7 printer.)

1-8 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-9				
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14		X		
1-15			X	
1-16				X
1-17			X	
1-18	X			

1-19 COMMITTEE SUBSTITUTE FOR H.B. No. 5311 By: Zaffirini

1-20 A BILL TO BE ENTITLED
 1-21 AN ACT

1-22 relating to the creation and operation of a development zone by and
 1-23 the tax revenue received by The Woodlands Township; providing
 1-24 authority to issue bonds; providing authority to impose assessments
 1-25 and taxes.

1-26 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-27 SECTION 1. Section 7, Chapter 289, Acts of the 73rd
 1-28 Legislature, Regular Session, 1993, is amended by adding Subsection
 1-29 (gg) to read as follows:

1-30 (gg) The district shall be treated the same in all respects
 1-31 as an incorporated municipality for the purposes of Section
 1-32 183.051, Tax Code.

1-33 SECTION 2. Section 11C, Chapter 289, Acts of the 73rd
 1-34 Legislature, Regular Session, 1993, is amended by amending
 1-35 Subsections (b), (f), (l), (p), and (q) and adding Subsections
 1-36 (b-1) and (b-2) to read as follows:

1-37 (b) The board, on its own motion or on receipt of a petition
 1-38 signed by the owners of all real property in a defined area of the
 1-39 district, by resolution may create, designate, describe, assign a
 1-40 name to, and appoint the governing body for a development zone in
 1-41 the district:

1-42 (1) to promote initial development or substantial
 1-43 redevelopment of the area; or

1-44 (2) if the area to be designated as the development
 1-45 zone is composed solely of one or more hotels, to undertake one or
 1-46 more projects to provide supplemental advertising, promotion, or
 1-47 business recruitment services for the area to increase hotel
 1-48 activity[, if the board finds that the creation of the zone will
 1-49 further the public purposes of:

1-50 ~~[(1) the development and diversification of the~~
 1-51 ~~economy of the district and the state;~~

1-52 ~~[(2) the elimination of unemployment or~~
 1-53 ~~underemployment in the district and the state;~~

1-54 ~~[(3) the development or expansion of transportation or~~
 1-55 ~~commerce in the district and the state; or~~

1-56 ~~[(4) the promotion and stimulation of business,~~
 1-57 ~~commercial, and economic activity in the district and the state].~~

1-58 (b-1) The board may create a development zone under
 1-59 Subsection (b) of this section if the board finds that the creation
 1-60 of the zone will further the public purposes of:

2-1 (1) the development and diversification of the economy
2-2 of the district and the state;
2-3 (2) the elimination of unemployment or
2-4 underemployment in the district and the state;
2-5 (3) the development or expansion of transportation or
2-6 commerce in the district and the state; or
2-7 (4) the promotion and stimulation of business,
2-8 commercial, and economic activity in the district and the state.
2-9 (b-2) A development zone composed solely of one or more
2-10 hotels may fund or provide services for the purposes for which the
2-11 zone was created.
2-12 (f) A resolution designating an area as a development zone
2-13 must:
2-14 (1) describe the boundaries of the zone sufficiently
2-15 to identify with reasonable certainty the territory included;
2-16 (2) provide an effective date for the creation of the
2-17 zone;
2-18 (3) provide a date for termination of the zone;
2-19 (4) assign a name to the zone for identification;
2-20 (5) adopt a preliminary financing plan for the zone;
2-21 (6) establish a tax increment fund or project fund for
2-22 the zone; and
2-23 (7) appoint the governing body for the zone or
2-24 authorize the board to serve ex officio as the governing body of the
2-25 zone.
2-26 (1) The board and the governing body each may enter into an
2-27 agreement considered necessary or convenient to implement a project
2-28 plan and development zone financing plan and achieve their
2-29 purposes, including, for a development zone composed solely of one
2-30 or more hotels, an agreement with a convention and visitors bureau
2-31 within or adjacent to the district. An agreement may provide for
2-32 the regulation or restriction of the use of land by imposing
2-33 conditions, restrictions, or covenants that run with the land. An
2-34 agreement may dedicate revenue from the tax increment fund or
2-35 project fund to pay project costs and may provide that a restriction
2-36 adopted by the governing body continues in effect after the
2-37 termination of the development zone. The district and the
2-38 development zone may agree that the district will provide
2-39 administration, management, investment, accounting, and other
2-40 services for the zone in consideration for the benefits received by
2-41 the district through the implementation of the project plan for the
2-42 zone.
2-43 (p) Sections 311.002 and 311.014 through 311.017, Tax Code,
2-44 apply to the district, except that for purposes of this subsection:
2-45 (1) a reference in those sections to a municipality
2-46 means the district and the development zone;
2-47 (2) a reference in those sections to an ordinance
2-48 means an order;
2-49 (3) a reference in those sections to a reinvestment
2-50 zone means a development zone;
2-51 (4) a reference in those sections to an agreement made
2-52 under Subsection (b), Section 311.010, Tax Code, means an agreement
2-53 made under Subsection (1) of this section;
2-54 (5) "development" means initial development;
2-55 (6) "redevelopment" means substantial redevelopment;
2-56 (7) Section 311.016, Tax Code, applies only if ad
2-57 valorem taxes are used, in whole or in part, in payment of project
2-58 costs of a development zone; ~~and~~
2-59 (8) a development zone created without a duration or
2-60 date of termination may be dissolved by a two-thirds vote of the
2-61 board of directors of the district or of the governing body of a
2-62 municipality or other form of local government, other than the
2-63 development zone, succeeding to the principal assets, powers,
2-64 functions, and liabilities of the district, but only if:
2-65 (A) the development zone has no outstanding
2-66 indebtedness or other obligations; or
2-67 (B) the assets, powers, functions, and
2-68 liabilities, and any outstanding indebtedness or obligations, of
2-69 the development zone are expressly assumed by the district or the

3-1 succeeding municipality or local government; and
3-2 (9) a development zone composed solely of one or more
3-3 hotels must be dissolved by the board of directors of the district
3-4 on receipt of a petition for dissolution of the development zone
3-5 signed by the owners of at least 60 percent of the assessed value of
3-6 the real property in the development zone and the district must
3-7 expressly assume the assets, powers, functions, and liabilities,
3-8 and any outstanding indebtedness or obligations, of the development
3-9 zone.

3-10 (q) Upon the creation and organization of a development zone
3-11 over the territory of one or more existing development zones, and
3-12 upon the imposition or assessment by the governing body of an ad
3-13 valorem tax or limited sales and use tax for the development zone,
3-14 any [the] existing development zones that impose or assess an ad
3-15 valorem or sales and use tax are dissolved and abolished and all
3-16 assets, properties, indebtedness, obligations, and liabilities of
3-17 the existing development zones transfer to and are assumed by the
3-18 newly created and organized development zone.

3-19 SECTION 3. Section 7(gg), Chapter 289, Acts of the 73rd
3-20 Legislature, Regular Session, 1993, as added by this Act, applies
3-21 only to taxes remitted to the comptroller of public accounts for a
3-22 calendar quarter beginning on or after October 1, 2023. The
3-23 comptroller shall make the first transfer required by that
3-24 subsection not later than January 31, 2024.

3-25 SECTION 4. (a) The legal notice of the intention to
3-26 introduce this Act, setting forth the general substance of this
3-27 Act, has been published as provided by law, and the notice and a
3-28 copy of this Act have been furnished to all persons, agencies,
3-29 officials, or entities to which they are required to be furnished
3-30 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
3-31 Government Code.

3-32 (b) The governor, one of the required recipients, has
3-33 submitted the notice and Act to the Texas Commission on
3-34 Environmental Quality.

3-35 (c) The Texas Commission on Environmental Quality has filed
3-36 its recommendations relating to this Act with the governor,
3-37 lieutenant governor, and speaker of the house of representatives
3-38 within the required time.

3-39 (d) All requirements of the constitution and laws of this
3-40 state and the rules and procedures of the legislature with respect
3-41 to the notice, introduction, and passage of this Act have been
3-42 fulfilled and accomplished.

3-43 SECTION 5. This Act takes effect September 1, 2023.

3-44 * * * * *