

By: Bettencourt

S.B. No. 1546

A BILL TO BE ENTITLED

AN ACT

relating to the authority of certain special districts and corporations created by certain special districts to exercise certain rights and powers outside district boundaries.

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

SECTION 1. Subtitle Z, Title 10, Government Code, is amended by adding Chapter 3001 to read as follows:

CHAPTER 3001. LIMITATION OF RIGHTS AND POWERS OF CERTAIN SPECIAL DISTRICTS AND CORPORATIONS

Sec. 3001.001. DEFINITIONS. In this chapter:

(1) "Corporation" and "special district" have the meanings assigned by Section 303.003, Local Government Code.

(2) "Private entity" has the meaning assigned by Section 2267.001.

Sec. 3001.002. CERTAIN RIGHTS AND POWERS LIMITED TO BOUNDARIES. (a) Notwithstanding any other law and except as provided by Subsection (d), on or after September 1, 2023:

(1) a special district or a corporation created by a special district may not acquire, purchase, construct, rehabilitate, renovate, repair, equip, furnish, finance, own, or lease a multifamily residential development located outside the district's boundaries; and

(2) a corporation created by a special district may not grant a leasehold or other possessory interest in real property

1 outside the district's boundaries to a private entity if the
2 leasehold or other interest would result in an exemption from ad
3 valorem taxation under Section 303.042, Local Government Code, for
4 the private entity.

5 (b) A contract, agreement, or action of a special district
6 or a corporation created by a special district that violates
7 Subsection (a) is void.

8 (c) This section prevails over a special law governing a
9 special district.

10 (d) This chapter does not diminish or impair the rights of
11 the holders of any outstanding and unpaid debts, bonds, warrants,
12 or other obligations of a special district or a corporation created
13 by a special district. After September 1, 2023, a special district
14 or a corporation created by a special district may continue to
15 exercise a right or power prohibited by Subsection (a) outside the
16 district as provided by other law only as necessary to pay or
17 fulfill any outstanding and unpaid debts, bonds, warrants, or other
18 obligations.

19 SECTION 2. This Act takes effect immediately if it receives
20 a vote of two-thirds of all the members elected to each house, as
21 provided by Section 39, Article III, Texas Constitution. If this
22 Act does not receive the vote necessary for immediate effect, this
23 Act takes effect September 1, 2023.