

By: Nichols

S.B. No. 2594

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the creation of the Liberty County Management District  
3 No. 2; providing authority to issue bonds; providing authority to  
4 impose assessments, fees, and taxes.

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

6 SECTION 1. Subtitle C, Title 4, Special District Local Laws  
7 Code, is amended by adding Chapter 4002 to read as follows:

8 CHAPTER 4002. LIBERTY COUNTY MANAGEMENT DISTRICT NO. 2

9 SUBCHAPTER A. GENERAL PROVISIONS

10 Sec. 4002.0101. DEFINITIONS. In this chapter:

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

12 (2) "City" means the City of Cleveland, Texas.

13 (3) "County" means Liberty County.

14 (4) "Director" means a board member.

15 (5) "District" means the Liberty County Management  
16 District No. 2.

17 Sec. 4002.0102. NATURE OF DISTRICT. The Liberty County  
18 Management District No. 2 is a special district created under  
19 Section 59, Article XVI, Texas Constitution.

20 Sec. 4002.0103. PURPOSE; DECLARATION OF INTENT. (a) The  
21 creation of the district is essential to accomplish the purposes of  
22 Sections 52 and 52-a, Article III, and Section 59, Article XVI,  
23 Texas Constitution, and other public purposes stated in this  
24 chapter.

1       (b) By creating the district and in authorizing the county,  
2 the city, and other political subdivisions to contract with the  
3 district, the legislature has established a program to accomplish  
4 the public purposes set out in Section 52-a, Article III, Texas  
5 Constitution.

6       (c) The creation of the district is necessary to promote,  
7 develop, encourage, and maintain employment, commerce,  
8 transportation, housing, tourism, recreation, the arts,  
9 entertainment, economic development, safety, and the public  
10 welfare in the district.

11       (d) This chapter and the creation of the district may not be  
12 interpreted to relieve the county or the city from providing the  
13 level of services provided as of the effective date of the Act  
14 enacting this chapter to the area in the district. The district is  
15 created to supplement and not to supplant county or city services  
16 provided in the district.

17       Sec. 4002.0104. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

18       (a) All land and other property included in the district will  
19 benefit from the improvements and services to be provided by the  
20 district under powers conferred by Sections 52 and 52-a, Article  
21 III, and Section 59, Article XVI, Texas Constitution, and other  
22 powers granted under this chapter.

23       (b) The district is created to serve a public use and  
24 benefit.

25       (c) The creation of the district is in the public interest  
26 and is essential to further the public purposes of:

27               (1) developing and diversifying the economy of the

1 state;

2 (2) eliminating unemployment and underemployment; and

3 (3) developing or expanding transportation and  
4 commerce.

5 (d) The district will:

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

9 (2) provide needed funding for the district to  
10 preserve, maintain, and enhance the economic health and vitality of  
11 the district territory as a community and business center;

12 (3) promote the health, safety, welfare, and enjoyment  
13 of the public by providing pedestrian ways and by landscaping and  
14 developing certain areas in the district, which are necessary for  
15 the restoration, preservation, and enhancement of scenic beauty;  
16 and

17 (4) provide for water, wastewater, drainage, road, and  
18 recreational facilities for the district.

19 (e) Pedestrian ways along or across a street, whether at  
20 grade or above or below the surface, and street lighting, street  
21 landscaping, parking, and street art objects are parts of and  
22 necessary components of a street and are considered to be a street  
23 or road improvement.

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

27 Sec. 4002.0105. INITIAL DISTRICT TERRITORY. (a) The

1 district is initially composed of the territory described by  
2 Section 2 of the Act enacting this chapter.

3 (b) The boundaries and field notes contained in Section 2 of  
4 the Act enacting this chapter form a closure. A mistake in the  
5 field notes or in copying the field notes in the legislative process  
6 does not affect the district's:

7 (1) organization, existence, or validity;

8 (2) right to issue any type of bonds for the purposes  
9 for which the district is created or to pay the principal of and  
10 interest on the bonds;

11 (3) right to impose or collect an assessment or tax; or

12 (4) legality or operation.

13 Sec. 4002.0106. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.

14 All or any part of the area of the district is eligible to be  
15 included in:

16 (1) a tax increment reinvestment zone created under  
17 Chapter 311, Tax Code; or

18 (2) a tax abatement reinvestment zone created under  
19 Chapter 312, Tax Code.

20 Sec. 4002.0107. APPLICABILITY OF MUNICIPAL MANAGEMENT  
21 DISTRICTS LAW. Except as otherwise provided by this chapter,  
22 Chapter 375, Local Government Code, applies to the district.

23 Sec. 4002.0108. CONSTRUCTION OF CHAPTER. This chapter  
24 shall be liberally construed in conformity with the findings and  
25 purposes stated in this chapter.

26 SUBCHAPTER B. BOARD OF DIRECTORS

27 Sec. 4002.0201. GOVERNING BODY; TERMS. (a) The district is

1 governed by a board of five directors elected or appointed as  
2 provided by this chapter and Subchapter D, Chapter 49, Water Code.

3 (b) Except as provided by Section 4002.0203, directors  
4 serve staggered four-year terms.

5 Sec. 4002.0202. COMPENSATION. A director is entitled to  
6 receive fees of office and reimbursement for actual expenses as  
7 provided by Section 49.060, Water Code. Sections 375.069 and  
8 375.070, Local Government Code, do not apply to the board.

9 Sec. 4002.0203. TEMPORARY DIRECTORS. (a) On or after the  
10 effective date of the Act creating this chapter, the owner or owners  
11 of a majority of the assessed value of the real property in the  
12 district according to the most recent certified tax appraisal roll  
13 for the county may submit a petition to the Texas Commission on  
14 Environmental Quality requesting that the commission appoint as  
15 temporary directors the five persons named in the petition. The  
16 commission shall appoint as temporary directors the five persons  
17 named in the petition.

18 (b) The temporary or successor temporary directors shall  
19 hold an election to elect five permanent directors as provided by  
20 Section 49.102, Water Code.

21 (c) Temporary directors serve until the earlier of:

22 (1) the date permanent directors are elected under  
23 Subsection (b); or

24 (2) the fourth anniversary of the effective date of  
25 the Act creating this chapter.

26 (d) If permanent directors have not been elected under  
27 Subsection (b) and the terms of the temporary directors have

1 expired, successor temporary directors shall be appointed or  
2 reappointed as provided by Subsection (e) to serve terms that  
3 expire on the earlier of:

4 (1) the date permanent directors are elected under  
5 Subsection (b); or

6 (2) the fourth anniversary of the date of the  
7 appointment or reappointment.

8 (e) If Subsection (d) applies, the owner or owners of a  
9 majority of the assessed value of the real property in the district  
10 according to the most recent certified tax appraisal roll for the  
11 county may submit a petition to the Texas Commission on  
12 Environmental Quality requesting that the commission appoint as  
13 successor temporary directors the five persons named in the  
14 petition. The commission shall appoint as successor temporary  
15 directors the five persons named in the petition.

16 SUBCHAPTER C. POWERS AND DUTIES

17 Sec. 4002.0301. GENERAL POWERS AND DUTIES. The district  
18 has the powers and duties necessary to accomplish the purposes for  
19 which the district is created.

20 Sec. 4002.0302. IMPROVEMENT PROJECTS AND SERVICES. (a) The  
21 district, using any money available to the district for the  
22 purpose, may provide, design, construct, acquire, improve,  
23 relocate, operate, maintain, or finance an improvement project or  
24 service authorized under this chapter or Chapter 375, Local  
25 Government Code.

26 (b) The district may contract with a governmental or private  
27 entity to carry out an action under Subsection (a).

1       (c) The implementation of a district project or service is a  
2 governmental function or service for the purposes of Chapter 791,  
3 Government Code.

4       Sec. 4002.0303. LAW ENFORCEMENT SERVICES. To protect the  
5 public interest, the district may contract with a qualified party,  
6 including the county or the city, to provide law enforcement  
7 services in the district for a fee.

8       Sec. 4002.0304. MEMBERSHIP IN CHARITABLE ORGANIZATIONS.  
9 The district may join and pay dues to a charitable or nonprofit  
10 organization that performs a service or provides an activity  
11 consistent with the furtherance of a district purpose.

12       Sec. 4002.0305. ECONOMIC DEVELOPMENT PROGRAMS. (a) The  
13 district may engage in activities that accomplish the economic  
14 development purposes of the district.

15       (b) The district may establish and provide for the  
16 administration of one or more programs to promote state or local  
17 economic development and to stimulate business and commercial  
18 activity in the district, including programs to:

19               (1) make loans and grants of public money; and

20               (2) provide district personnel and services.

21       (c) The district may create economic development programs  
22 and exercise the economic development powers provided to  
23 municipalities by:

24               (1) Chapter 380, Local Government Code; and

25               (2) Subchapter A, Chapter 1509, Government Code.

26       Sec. 4002.0306. PARKING FACILITIES. (a) The district may  
27 acquire, lease as lessor or lessee, construct, develop, own,

1 operate, and maintain parking facilities or a system of parking  
2 facilities, including lots, garages, parking terminals, or other  
3 structures or accommodations for parking motor vehicles off the  
4 streets and related appurtenances.

5 (b) The district's parking facilities serve the public  
6 purposes of the district and are owned, used, and held for a public  
7 purpose even if leased or operated by a private entity for a term of  
8 years.

9 (c) The district's parking facilities are parts of and  
10 necessary components of a street and are considered to be a street  
11 or road improvement.

12 (d) The development and operation of the district's parking  
13 facilities may be considered an economic development program.

14 Sec. 4002.0307. ADDING OR EXCLUDING LAND. The district may  
15 add or exclude land in the manner provided by Subchapter J, Chapter  
16 49, Water Code, or by Subchapter H, Chapter 54, Water Code.

17 Sec. 4002.0308. DISBURSEMENTS AND TRANSFERS OF MONEY. The  
18 board by resolution shall establish the number of directors'  
19 signatures and the procedure required for a disbursement or  
20 transfer of district money.

21 Sec. 4002.0309. NO EMINENT DOMAIN POWER. The district may  
22 not exercise the power of eminent domain.

23 SUBCHAPTER D. ASSESSMENTS

24 Sec. 4002.0401. PETITION REQUIRED FOR FINANCING SERVICES  
25 AND IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a  
26 service or improvement project with assessments under this chapter  
27 unless a written petition requesting that service or improvement



1 has been filed with the board.

2 (b) A petition filed under Subsection (a) must be signed by  
3 the owners of a majority of the assessed value of real property in  
4 the district subject to assessment according to the most recent  
5 certified tax appraisal roll for the county.

6 Sec. 4002.0402. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a)  
7 The board by resolution may impose and collect an assessment for any  
8 purpose authorized by this chapter in all or any part of the  
9 district.

10 (b) An assessment, a reassessment, or an assessment  
11 resulting from an addition to or correction of the assessment roll  
12 by the district, penalties and interest on an assessment or  
13 reassessment, an expense of collection, and reasonable attorney's  
14 fees incurred by the district:

15 (1) are a first and prior lien against the property  
16 assessed;

17 (2) are superior to any other lien or claim other than  
18 a lien or claim for county, school district, or municipal ad valorem  
19 taxes; and

20 (3) are the personal liability of and a charge against  
21 the owners of the property even if the owners are not named in the  
22 assessment proceedings.

23 (c) The lien is effective from the date of the board's  
24 resolution imposing the assessment until the date the assessment is  
25 paid. The board may enforce the lien in the same manner that the  
26 board may enforce an ad valorem tax lien against real property.

27 (d) The board may make a correction to or deletion from the

1 assessment roll that does not increase the amount of assessment of  
2 any parcel of land without providing notice and holding a hearing in  
3 the manner required for additional assessments.

4 SUBCHAPTER E. TAXES AND BONDS

5 Sec. 4002.0501. TAX ELECTION REQUIRED. (a) The district  
6 must hold an election in the manner provided by Chapter 49, Water  
7 Code, or, if applicable, Chapter 375, Local Government Code, to  
8 obtain voter approval before the district may impose an ad valorem  
9 tax.

10 (b) Section 375.243, Local Government Code, does not apply  
11 to the district.

12 Sec. 4002.0502. OPERATION AND MAINTENANCE TAX. (a) If  
13 authorized by a majority of the district voters voting at an  
14 election under Section 4002.0501, the district may impose an  
15 operation and maintenance tax on taxable property in the district  
16 in the manner provided by Section 49.107, Water Code, for any  
17 district purpose, including to:

- 18 (1) maintain and operate the district;
- 19 (2) construct or acquire improvements; or
- 20 (3) provide a service.

21 (b) The board shall determine the operation and maintenance  
22 tax rate. The rate may not exceed the rate approved at the  
23 election.

24 Sec. 4002.0503. AUTHORITY TO BORROW MONEY AND TO ISSUE  
25 BONDS AND OTHER OBLIGATIONS. (a) The district may borrow money on  
26 terms determined by the board.

27 (b) The district may issue bonds, notes, or other

1 obligations payable wholly or partly from ad valorem taxes,  
2 assessments, impact fees, revenue, contract payments, grants, or  
3 other district money, or any combination of those sources of money,  
4 to pay for any authorized district purpose.

5 (c) The limitation on the outstanding principal amount of  
6 bonds, notes, or other obligations provided by Section 49.4645,  
7 Water Code, does not apply to the district.

8 Sec. 4002.0504. BONDS SECURED BY REVENUE OR CONTRACT  
9 PAYMENTS. The district may issue, without an election, bonds  
10 secured by:

11 (1) revenue other than ad valorem taxes, including  
12 contract revenues; or

13 (2) contract payments, provided that the requirements  
14 of Section 49.108, Water Code, have been met.

15 Sec. 4002.0505. BONDS SECURED BY AD VALOREM TAXES;  
16 ELECTIONS. (a) If authorized at an election under Section  
17 4002.0501, the district may issue bonds payable from ad valorem  
18 taxes.

19 (b) At the time the district issues bonds payable wholly or  
20 partly from ad valorem taxes, the board shall provide for the annual  
21 imposition of a continuing direct annual ad valorem tax, without  
22 limit as to rate or amount, for each year that all or part of the  
23 bonds are outstanding as required and in the manner provided by  
24 Sections 54.601 and 54.602, Water Code.

25 (c) All or any part of any facilities or improvements that  
26 may be acquired by a district by the issuance of its bonds may be  
27 submitted as a single proposition or as several propositions to be

1 voted on at the election.

2 Sec. 4002.0506. CONSENT OF MUNICIPALITY REQUIRED. (a) The  
3 board may not issue bonds until each municipality in whose  
4 corporate limits or extraterritorial jurisdiction the district is  
5 located has consented by ordinance or resolution to the creation of  
6 the district and to the inclusion of land in the district, as  
7 required by applicable law.

8 (b) This section applies only to the district's first  
9 issuance of bonds payable from ad valorem taxes.

10 SUBCHAPTER I. DISSOLUTION

11 Sec. 4002.0901. DISSOLUTION. (a) The board shall dissolve  
12 the district on written petition filed with the board by the owners  
13 of at least two-thirds of the assessed value of the property subject  
14 to assessment or taxation by the district based on the most recent  
15 certified county property tax rolls.

16 (b) The board by majority vote may dissolve the district at  
17 any time.

18 (c) The district may not be dissolved by its board under  
19 Subsection (a) or (b) if the district:

20 (1) has any outstanding bonded indebtedness until that  
21 bonded indebtedness has been repaid or defeased in accordance with  
22 the order or resolution authorizing the issuance of the bonds;

23 (2) has a contractual obligation to pay money until  
24 that obligation has been fully paid in accordance with the  
25 contract; or

26 (3) owns, operates, or maintains public works,  
27 facilities, or improvements unless the district contracts with

1 another person for the ownership, operation, or maintenance of the  
2 public works, facilities, or improvements.

3 (d) Sections 375.261, 375.262, and 375.264, Local  
4 Government Code, do not apply to the district.

5 SECTION 2. The Liberty County Management District No. 2  
6 initially includes all territory contained in the following area:

7 A 236.217 acre, or 10,289,620 square feet more or less, tract  
8 of land, being a portion of a called 368.6110 acre tract of land as  
9 described in a deed recorded in Volume 1490, Page 338 Official  
10 Public Records of Liberty County and being a portion of Friendswood  
11 tracts of land as described in a deed recorded in Volume 626, Page  
12 324 Official Public Records of Liberty County and being a portion of  
13 Strother Timberlands, Ltd. tracts of land as described in a deed  
14 recorded in Volume 1394, Page 672 Official Public Records of  
15 Liberty County and being a portion of Eugene Campbella as described  
16 in a deed recorded in Volume 1404, Page 346 Official Public Records  
17 of Liberty County. Said 236.217 acre tract being more fully  
18 described as follows, with bearings based on the Texas Coordinate  
19 System of 1983, Central Zone:

20 BEGINNING at a TXDOT monument found for the southwest corner  
21 of said 359.4174 acre tract and the northwest corner of said 327.35  
22 acre tract and the northeast corner of a called 64.6488 acre tract  
23 as recorded under Volume 1953, Page 23 of the Official Public  
24 Records of Liberty County, Texas and along Extra-Territorial  
25 Jurisdiction (ETJ) line;

26 THENCE, S 03°29'24" E, along and with the west line of said  
27 138.7288 acre tract and the east line of said 359.4174 acre tract a

1 distance of 2,883.20 feet to a point for the southwest corner of a  
2 called 20.000 acre tract as recorded under Volume 1546, Page 662 of  
3 the Official Public Records of Liberty County, Texas;

4       THENCE, N 86°40'59" E, along the common line of the  
5 Extra-Territorial Jurisdiction (ETJ) line and said 359.4174 acre  
6 tract and along said 20.000 acre tract, a distance of 157.93 feet to  
7 a point for the east corner of the herein described tract and the  
8 northwest corner of a called 50.000 acre tract as recorded under  
9 Volume 1448, Page 446 of the Official Public Records of Liberty  
10 County, Texas;

11       THENCE, S 01°59'28" E, along said common line, a distance of  
12 2,076.23 feet to a point for the southeast corner of the herein  
13 described tract and the southwest corner of said 50.000 acre tract  
14 and on the north line of ship Farm Addition as recorded under  
15 Volume 1, Page 26 of the Liberty County Map Records;

16       THENCE, S 86°59'49" W, along said common line, a distance of  
17 1,783.46 feet to a point for the southwest corner of the herein  
18 described tract and on the north line of a called 178.40 acre tract  
19 as recorded under Liberty County Clerk's File Number 2004009912;

20       THENCE, along and with the line of said ETJ and over and  
21 across said 359.4174 acre tract, the following courses and  
22 distances:

23       N 02°59'01" W, departing said north line, a distance of  
24 3,260.25 feet to point for an interior corner;

25       S 77°59'08" W, a distance of 1,651.66 feet to a point for a  
26 west corner of the herein described tract and on the east line of a  
27 77.1974 acre tract as recorded under Liberty County Clerk's File

1 Number 20040015473 and on the west line of said 359.4171 acre tract;  
2       THENCE, N 00°57'53" E, along and with said common line, a  
3 distance of 974.75 feet to a point for the northwest corner of the  
4 herein described tract;  
5       THENCE, N 65°53'11" E, along and with said common line, a  
6 distance of 276.91 feet to an interior corner;  
7       THENCE, N 22°19'58" W, a distance of 172.48 feet to a point  
8 corner and on the southeast right-of-way line of State Highway  
9 Number 105 (width varies) and on the north line of said 359.4174  
10 acre tract;  
11       THENCE, N 67°46'10" E, along and with said southeast  
12 right-of-way line, a distance of 1,165.84 feet to a point of a  
13 tangent curve to the right;  
14       THENCE, Northeasterly, along a tangent curve to the right, a  
15 radius of 3,208.83 feet, a central angle of 14°58'29", a chord  
16 bearing and distance of N 75°15'24" E, 836.27 feet, for an arc length  
17 of 838.65 feet to a to a point of tangency;  
18       THENCE, N 82°24'50" E, along and with said southeast  
19 right-of-way line, a distance of 594.74 feet to a point of a tangent  
20 curve to the left;  
21       THENCE, Northeasterly, along a tangent curve to the left, a  
22 radius of 853.02 feet, a central angle of 26°03'00", a chord bearing  
23 and distance of N 69°23'37" E, 384.50 feet, for an arc length of  
24 387.83 feet to a to a point of tangency;  
25       THENCE: N 85°11'36" E, a distance of 120.34 feet to the POINT  
26 OF BEGINNING, and containing 236.217 acres in the City of  
27 Cleveland, Liberty County, Texas.

1           SECTION 3. (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 4. 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.