

By: Gates

H.B. No. 4308

A BILL TO BE ENTITLED

AN ACT

relating to the creation of industrial development districts in certain counties; providing authority to issue bonds; and providing authority to impose assessments, fees, or taxes.

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

SECTION 1. Subtitle B, Title 12, Local Government Code, is amended by adding Chapter 389 to read as follows:

Chapter 389. COUNTY INDUSTRIAL DEVELOPMENT DISTRICTS

ARTICLE I. GENERAL PROVISIONS

Sec. 1.01. SHORT TITLE. This Act may be cited as the County Industrial Development District Act.

Sec. 1.02. DEFINITIONS. In this Act:

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

(2) "Bonds" means bonds, notes, and other obligations.

(3) "Commissioners court" means the governing body of the county in which the district is located.

(4) "Cost" has the same meaning as that term is defined to mean in Section 501.152.

(5) "County" means the county in which the district is located.

(6) "Director" means a member of the board.

(7) "District" means a county industrial opportunity district created under this Act.

(8) "Project" includes the land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements that are:

(A) for the creation or retention of primary jobs; and

(B) found by the board of directors to be required or suitable for the development, retention, or expansion of:

(i) advanced manufacturing, operations and industrial facilities;

(ii) research and development facilities;

(iii) transportation facilities, including airports, hangars, railports, rail switching facilities, maintenance and repair facilities, cargo facilities, related infrastructure located on or adjacent to an airport or railport facility, mass commuting facilities, and parking facilities;

(iv) sewage or solid waste disposal facilities; recycling facilities;

(v) air or water pollution control facilities;

(vi) facilities for furnishing water to the public;

(vii) distribution centers;

(viii) small warehouse facilities capable of serving as decentralized storage and

distribution centers;

(ix) primary job training facilities for
use by institutions of higher education;

(x) regional or national corporate
headquarters facilities; or

(xi) Advanced Nuclear Reactors.

(C) "Project" includes job training required or
suitable for the promotion or development and expansion of business
enterprises described in this chapter

(D) In this chapter, project includes
expenditures that are found by the board of directors to be required
or suitable for infrastructure necessary to promote or development
new or expanded business enterprises, including but not limited to:

(i) Streets and roads, rail spurs, water
and sewer utilities, electric utilities, or
gas utilities, drainage, site improvements,
and related improvements; and

(ii) Telecommunications and Internet
improvements.

(E) In this chapter, "Project" includes the land,
buildings, equipment, facilities, improvements, and expenditures
found by the board of directors to be required or suitable for use
for a career center in the area to be benefited by the district.

Sec. 1.03. NATURE OF DISTRICT. A district authorized under
this Act will be a special district created under Section 59,
Article XVI, Texas Constitution.

Sec. 1.04. PURPOSE; DECLARATION OF INTENT. (a) The

1 creation of a district is essential to accomplish the purposes of
2 Section 52 and 52-a, Article III, Texas Constitution, and Section
3 59, Article XVI, Texas Constitution, and other purposes stated in
4 this chapter.

5 (b) By authorizing the creation of districts under this
6 chapter, and authorizing the counties, cities, and other political
7 subdivisions to contract with the districts, the legislature has
8 established a program to accomplish the purposes set out in Section
9 52-a, Article III, Texas Constitution.

10 (c) Authorizing the creation of districts under this
11 chapter is necessary to promote, develop, encourage, and maintain
12 employment, commerce, transportation, housing, tourism,
13 recreation, the arts, entertainment, economic development, safety,
14 and the public welfare in the districts.

15 (d) This chapter and the authorization to create industrial
16 development districts may not be interpreted to relieve counties or
17 cities from providing the level of services provided as of the
18 effective date of the Act enacting this chapter to the area in the
19 district. The districts are created to supplement and not to
20 supplant county or city services provided in a district.

21 Sec. 1.05. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a)
22 Small and medium-sized counties in Texas are in need of incentives
23 for the development of public improvements to attract major
24 industrial employers to such counties, and that such counties are
25 at a disadvantage in competing with counties in other states for the
26 location and development of projects that attract major industrial
27 employers by virtue of the availability and prevalent use in other

1 states of financial incentives;

2 (b) All land and other property included in a district
3 created under this Act will benefit from the improvements and
4 services to be provided by the district under powers conferred by
5 Sections 52 and 52-a, Article III, and Section 59, Article XVI,
6 Texas Constitution, and other powers granted under this chapter.

7 (c) The means and measures authorized by this Act are in the
8 public interest and essential to further the public purposes of:

9 (1) developing and diversifying the economy of the
10 state;

11 (2) eliminating unemployment and underemployment; and

12 (3) developing or expanding transportation and
13 commerce.

14 (d) Districts created under this Act will:

15 (1) promote the health, safety, and general welfare of
16 residents, employers, potential employees, employees, visitors,
17 and consumers in the district, and of the public;

18 (2) promote the economic welfare of the citizens of
19 the state by providing incentives for the location and development
20 in certain Texas counties of projects that attract major industrial
21 employers and that result in employment and economic activity; and

22 (e) Districts created authorized for creation under this
23 chapter will not act as the agent or instrumentality of any private
24 interest even though the districts will benefit many private
25 interests as well as the public.

26 Sec. 1.06. COUNTIES AUTHORIZED TO CREATE DISTRICTS. The
27 commissioners court in a county with a population of more than

1 800,000 that borders a county with a population of more than four
2 million according to the most recent federal decennial census may,
3 call an election on the question of creating a county industrial
4 development district under this chapter.

5 Sec. 1.07. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. All
6 or any part of the area of a district created under this Act is
7 eligible to be included in:

8 (a) a tax increment reinvestment zone created under Chapter
9 311, Tax Code; or

10 (b) a tax abatement reinvestment zone created under Chapter
11 312, Tax Code.

12 Sec. 1.08. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICTS
13 LAW. Except as otherwise provided by this chapter, a district
14 created under this chapter shall have the powers of a municipal
15 management district created under Chapter 375, Local Government
16 Code.

17 Sec. 1.09. CONSTRUCTION OF CHAPTER. This chapter shall be
18 liberally construed in conformity with the findings and purposes
19 stated in this chapter.

20 ARTICLE 2. CREATION OF DISTRICTS

21 Sec. 2.01. CALLING AN ELECTION. The commissioners court of
22 the county may call an election on the question of creating a county
23 industrial development district under this chapter and to obtain
24 voter approval to impose an ad valorem tax or issue bonds payable
25 from ad valorem taxes.

26 Sec. 2.02. CONTENTS OF ORDER. The order calling the
27 election must:

1 (1) describe the boundaries of the proposed district
2 by metes and bounds or by lot and block number, if there is a
3 recorded map or plat and survey of the area;

4 (2) call for the election to be held within those
5 boundaries; and

6 (3) call for the imposition of an ad valorem tax or
7 issuance of bonds payable from ad valorem taxes.

8 Sec. 2.03. CONDUCT OF ELECTION. (a) The election shall be
9 held in accordance with the provisions of the Election Code, to the
10 extent not inconsistent with this Act.

11 (b) The ballot shall be printed to permit voting for or
12 against the proposition: "The creation of _____ County
13 Industrial Development District No. _____ ; the adoption of a
14 proposed local sales and use tax rate of _____ (the rate specified in
15 the election order); and the imposition of an ad valorem tax to be
16 used for the promotion and development of industrial
17 opportunities."

18 Sec. 2.04. RESULTS OF ELECTION. The district is created if
19 a majority of the votes received at the election favor the creation
20 of the district. If a majority of the votes received at the
21 election are against the creation of the district, the district is
22 not created. The failure to approve the creation of a district
23 under this subsection does not affect the authority of the county to
24 call one or more elections on the question of creating one or more
25 county industrial opportunity districts.

26 ARTICLE 3. DISTRICT ADMINISTRATION

27 Sec. 3.01. BOARD OF DIRECTORS. (a) A district is governed

1 by a board of nine directors. Positions One and Two on the board of
2 directors shall be filled by the State Senator, or his or her
3 designee, of the State Senate district in which the majority of the
4 district is located. Positions Two Three and Four on the board
5 shall be filled by State Representative, or his or her designee, of
6 the House district in which the majority of the district is located.
7 The commissioners court of the county in which the district is
8 located shall be authorized to nominate and appoint five directors
9 to fill Positions Five through Nine

10 (b) Directors serve staggered four-year terms that expire
11 September 1. The directors shall draw lots to determine:

12 (1) the four directors to serve terms that expire on
13 September 1 of the second year following creation of the district;
14 and

15 (2) the five directors to serve terms that expire on
16 September 1 of the fourth year following creation of the district.

17 Sec. 3.02. QUALIFICATIONS FOR DIRECTORS. To be qualified
18 to serve as a director, a person shall be at least 21 years old, a
19 resident citizen of the State of Texas, and a qualified voter within
20 the county in which the district is located.

21 Sec. 3.03. PERSONS DISQUALIFIED FROM SERVING. Section
22 50.026, Water Code, relating to disqualification of directors,
23 shall apply to directors of districts created under this Act.

24 Sec. 3.04. VACANCIES ON THE BOARD. A vacancy in the office
25 of director shall be filled by appointment by the office or
26 governing body authorized to fill the respective Position of
27 director.

1 Sec. 3.05. REMOVAL OF DIRECTOR. The governing body of the
2 commissioners court, after notice and hearing, may remove a
3 director for misconduct or failure to carry out the director's
4 duties on petition by a majority of the remaining directors.

5 Sec. 3.06. ORGANIZATION OF BOARD. After each appointment
6 of directors, and after the directors have qualified by taking the
7 proper oath, they shall organize by electing a president, a vice
8 president, a secretary, and any other officers as in the judgment of
9 the board are considered necessary.

10 Sec. 3.07. QUORUM; OFFICERS' DUTIES; MANAGEMENT OF
11 DISTRICT. Sections 54.107, 54.108, 54.111, and 54.118, Water Code,
12 relating to quorum, officers' duties, and management of the
13 district, shall govern the board of directors of a district created
14 under this Act.

15 Sec. 3.08. MEETINGS AND NOTICE. (a) The board shall
16 designate and establish a district office in the county.

17 (b) The board may establish regular meetings to conduct
18 district business and may hold special meetings at other times as
19 the business of a district requires.

20 (c) Notice of the time, place, and purpose of any meeting of
21 the board shall be given by posting at a place convenient to the
22 public within the district. A copy of the notice shall be furnished
23 to the clerk or clerks of the county in which the district is
24 located, who shall post them on a bulletin board in the county
25 courthouse used for such purpose.

26 (d) Except as herein provided the provisions of the open
27 meetings law, Chapter 551, Government Code, shall be applicable to

meetings of the board of directors. Any interested person may attend any meeting of the board.

Sec. 3.09. DIRECTOR'S COMPENSATION; BOND AND OATH OF OFFICE. A director is not entitled to receive compensation for service on the board. Sections 375.067, 375.069, and 375.070, Local Government Code, apply to directors of a district created under this Act.

Sec. 3.10. GOVERNMENTAL AGENCY; SUITS. (a) A district, when created and confirmed, may, through its directors, sue and be sued in any and all courts of this state in the name of the district. Service of process in any suit may be had by serving any two directors.

(b) A district is a governmental agency, a body politic and corporate, and a political subdivision of the state. Section 375.004, Local Government Code, applies to a district created under this Act.

ARTICLE 4. POWERS AND DUTIES

Sec. 4.01. GENERAL POWERS OF DISTRICT. (a) A district created under this chapter has the powers and duties necessary to accomplish the purposes for which the district is created.

Sec. 4.02. IMPROVEMENT PROJECTS AND SERVICES. (a) A district created under this chapter, using any money available to the district for the purpose, may:

(1) provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service authorized under this chapter or Chapter 375, Local Government Code.

1 (2) provide the necessary infrastructure to attract
2 major industrial employers to the district and its vicinity, which
3 may be conducted by the district pursuant to financial incentives
4 and contracts for professional services with persons or
5 organizations selected by the district.

6 (3) acquire, sell, lease, or convey, or otherwise
7 dispose of property or an interest in property under terms
8 determined by the district;

9 (4) employ necessary personnel; and

10 (5) adopt rules to govern the operation of the
11 district and its employees and property.

12 (b) The district shall have the power to plan, acquire,
13 establish, develop, construct, renovate, and dispose of projects to
14 benefit the district, and shall have the power, authority, rights,
15 and duties which will permit accomplishment of the purposes for
16 which the district was created.

17 (c) A district shall have the power to enter agreements with
18 governmental or private entities, including the providers of public
19 utilities and commercial railways, to develop the necessary
20 infrastructure and to perform any act the district is authorized to
21 perform under this chapter.

22 (d) The implementation of a district project or service is a
23 governmental function or service for the purposes of Chapter 791,
24 Government Code.

25 Sec. 4.03. NONPROFIT CORPORATION. (a) The board by
26 resolution may authorize the creation of a nonprofit corporation to
27 assist and act for the district in implementing a project or

1 providing a service authorized by this chapter.

2 (b) The nonprofit corporation:

3 (1) has each power of and is considered to be a local
4 government corporation created under Subchapter D, Chapter 431,
5 Transportation Code; and

6 (2) may implement any project and provide any service
7 authorized by this chapter.

8 (c) The board shall appoint the board of directors of the
9 nonprofit corporation. The board of directors of the nonprofit
10 corporation shall serve in the same manner as the board of directors
11 of a local government corporation created under Subchapter D,
12 Chapter 431, Transportation Code, except that a board member is not
13 required to reside in the district.

14 Sec. 4.04. COMPETITIVE BIDDING; CONTRACT AWARD. Sections
15 375.221 and 375.223, Local Government Code, apply to a district
16 created under this Act. The district shall have the authority to
17 use a method authorized by Chapter 2269, Government Code for as an
18 alternative to competitive bidding. Notwithstanding any other
19 provision of this Act to the contrary, any contract between the
20 district and a governmental entity or nonprofit corporation created
21 under the Development Corporation Act of Subtitle C1, Title 12,
22 Chapter 501, Texas Local Government Code shall not be subject to the
23 competitive bidding requirement of this Act.

24 Sec. 4.05. ECONOMIC DEVELOPMENT PROGRAMS. (a) A district
25 created under this chapter may engage in activities that accomplish
26 the economic development purposes of the district.

27 (b) The district may establish and provide for the

1 administration of one or more programs to promote state or local
2 economic development and stimulate business and commercial
3 activity in the district, including programs to:

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

5 (2) provide district personnel and services.

6 (c) The district may create economic development programs
7 and exercise the economic development powers provided to
8 municipalities by:

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

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

11 Sec. 4.06. ADDING OR EXCLUDING LAND. A district created
12 under this chapter may add or exclude land in the manner provided by
13 Subchapter J, Chapter 49, Water Code, or by Subchapter H, Chapter
14 54, Water Code.

15 Sec. 4.07. DISBURSEMENTS AND TRANSFERS OF MONEY. The board
16 by resolution shall establish the method of disbursement of the
17 districts funds and the number of directors' signatures and the
18 procedure required for the disbursement or transfer of district
19 money.

20 Sec. 4.08. REPAYMENT OF ORGANIZATIONAL EXPENSES. The
21 district's directors are authorized to pay all costs and expenses
22 necessarily incurred in the creation and organization of a
23 district, the cost of investigation and making plans, the cost of
24 the engineer's report, project designer fees, legal fees, and other
25 incidental expenses and to reimburse any person for money advanced
26 for these purposes. These payments may be made from money obtained
27 from the issuance of notes or the sale of bonds first issued by the

1 district or out of other revenues of the district.

2 ARTICLE 5. ASSESSMENTS

3 Sec. 5.01. PETITION REQUIRED FOR FINANCING SERVICES AND
4 IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a
5 service or improvement project with assessments under this chapter
6 unless a written petition requesting that service or improvement
7 has been filed with the board.

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

12 Sec. 5.02. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a) The
13 board by resolution may impose and collect an assessment for any
14 purpose authorized by this chapter in all or any part of the
15 district.

16 (b) An assessment, a reassessment, or an assessment
17 resulting from an addition to or correction of the assessment roll
18 by the district, penalties and interest on an assessment or
19 reassessment, an expense of collection, and reasonable attorney's
20 fees incurred by the district;

21 (1) are a first and prior lien against the property
22 assessed;

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

26 (3) or the personal liability of and a charge against
27 the owners of the property even if the owners are not named in the

assessment proceedings.

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

(d) The board may make a correction to or deletion from the assessment roll that does not increase the amount of assessment of any parcel of land without providing notice and holding a hearing in the manner required for additional assessments.

ARTICLE 6. TAXES AND BONDS

Sec. 6.01. TAX ELECTION REQUIRED. The district must hold an election in the manner provided by Chapter 49, Water Code, or if applicable, Chapter 375, Local Government Code, to obtain voter approval before the district may impose an ad valorem tax.

Sec. 6.02. OPERATION AND MAINTENANCE TAX. (a) If authorized by a majority of the district voters voting in the election under Section 6.02., the district may impose an operation and maintenance tax on taxable property in the district in the manner provided by Section 49.107, Water Code, for any district purpose, including to:

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

(b) The board shall determine the tax rate. The rate may not exceed the rate approved at the election.

Sec. 6.03. AUTHORITY TO BORROW MONEY AND TO ISSUE BONDS AND OTHER OBLIGATIONS. (a) The district created under this chapter may

borrow money on terms determined by the board.

(b) The district may issue bonds, notes, or other obligations payable wholly or partly from ad valorem taxes, assessments, impact fees, revenue contract payments, grants, or other district money, or any combination of those sources of money, to pay for any authorized district purpose, including but not limited to the following:

(1) pay interest on the bonds during and after the period of the acquisition or construction of a project;

(2) pay administrative and operating expenses;

(3) create a reserve fund for the payment of principal and interest on the bonds; and

(4) pay all expenses incurred and to be incurred in the issuance, sale, and delivery of the bonds.

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

Sec. 6.04. BONDS SECURED BY REVENUE OR CONTRACT PAYMENTS. A district created under this chapter may issue, without an election, bonds secured by:

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

(2) contract payments, provided that the requirements of Section [49.108](#), Water Code, have been met.

Sec. 6.05. BONDS SECURED BY AD VALOREM TAXES; ELECTIONS.

(a) If authorized at an election under Section 6.01., a district created under this chapter may issue bonds payable from ad valorem

1 taxes.

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

4 (c) At the time the district issues bonds payable wholly or
5 partly from ad valorem taxes, the board shall provide for the annual
6 imposition of a continuing directs annual ad valorem tax, without
7 limit as to rate or amount, for each year that all or part of the
8 bonds are outstanding as required and in the manner provided by
9 Sections 54.601 and 54.602, Water Code.

10 (d) All or any part of any facilities or improvements that
11 may be acquired by a district by the issuance of its bonds may be
12 submitted as a single proposition or as several propositions to be
13 voted on at an election.

14 Sec. 6.06. CONSENT OF MUNICIPALITY REQUIRED. (a) The board
15 may not issue bonds until each municipality in whose corporate
16 limits or extraterritorial jurisdiction the district is located has
17 consented by ordinance or resolution to the creation of the
18 district and to the inclusion of land in the district.

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

21 ARTICLE 7. SALES AND USE TAXES

22 Sec. 7.01. APPLICABILITY OF CERTAIN TAX CODE PROVISIONS.

23 (a) Chapter 321, Tax Code, governs the imposition, computation,
24 administration, enforcement, and collection of the sales and use
25 tax authorized by this subchapter except to the extent Chapter 321,
26 Tax Code is inconsistent with this chapter.

27 (b) For the purposes of section, a reference in Chapter 321,

1 Tax Code, to a municipality or the governing body of a municipality
2 is a reference to the district or the board, respectively.

3 Sec. 7.02. ELECTION; ADOPTION OF TAX. (a) The district may
4 adopt a sales and use tax if authorized by a majority of the voters
5 of the district voting at an election held for that purpose.

6 (b) The board by order may call an election to authorize the
7 adoption of the sales and use tax. The election may be held on any
8 uniform election date and in conjunction with any other district
9 election.

10 (c) The district shall provide notice of the election and
11 shall hold the election in the manner prescribed by Section 2.01.

12 (d) The ballot shall be printed to provide for voting for or
13 against the proposition: "Authorization of a sales and use tax in
14 the [_____] County Industrial Development District No. [____]
15 at a rate not to exceed [____] percent" (insert rate of one or more
16 increments of one-eighth of one percent in accordance with Section
17 2.03.

18 Sec. 7.03. SALES AND USE TAX RATE. (a) After the date the
19 results are declared of an election held under Section 7.02 at which
20 the voters authorized imposition of a tax, the board shall provide
21 by resolution or order the initial tax of the tax, which must be in
22 one or more increments of one-eighth of one percent.

23 (b) After the authorization of a tax under Section 7.02, the
24 board may increase or decrease the rate of the tax by one or more
25 increments of one-eighth of one percent.

26 (c) The board may not decrease the rate of the tax if the
27 decrease would impair the repayment of any outstanding debt or

1 obligation payable from the tax.

2 (d) The initial rate of the tax or any rate resulting from
3 subsequent increases or decreases may not exceed the lesser of:

4 (1) the maximum rate authorized at an election held
5 under Section 7.02; or

6 (2) a rate that, when added to the rates of all sales
7 and use taxes imposed by other political subdivisions with
8 territory in the district, would result in the maximum combined
9 rate prescribed Section 321.101(f), Tax Code, at any location in
10 the district.

11 (e) In determining whether the combined sales and use tax
12 rate under Subsection (d) (2) would exceed the maximum combined
13 rate prescribed by Section 321.0101(f), Tax Code, at any location
14 in the district, the board shall include:

15 (1) any sales and use tax imposed by a political
16 subdivision whose territory overlaps all or part of the district;

17 (2) any sales and use tax to be imposed by the city or
18 the county as a result of an election held on the same date as the
19 election held under Section 7.02; and

20 (3) any increase to an existing sales and use tax
21 imposed by the city of the county as a result of an election held on
22 the same date as the election held under Section 7.02.

23 (f) If the district adopts a sales and use tax authorized at
24 an election under Section 7.02 and subsequently includes a new
25 territory in the district, the district:

26 (1) is not required to hold another election to
27 approve the imposition of the sales and use tax in the included

1 territory; and

2 (2) shall impose the sales and use tax in the included
3 territory as provided in Chapter 321, Tax Code.

4 (g) If the district adopts a sales and use tax authorized at
5 an election held under Section 7.02 and subsequently excludes
6 territory in the district under this section, the sales and use tax
7 is inapplicable to the excluded territory as provided by Chapter
8 321, Tax Code, but is applicable to the territory remaining in the
9 district.

10 Sec. 7.04. NOTIFICATION OF RATE CHANGE. The board shall
11 notify the comptroller of any changes made to the tax rate under
12 this subchapter in the same manner the municipal secretary provides
13 notice to the comptroller under Section 321.405(b), Tax Code.

14 Sec. 7.05. USE OF REVENUE. Revenue from the sales and use
15 tax imposed under this subchapter is for the use and benefit of the
16 district and may be used for any district purpose. The district may
17 pledge all or part of the revenue to the payment of bonds, notes, or
18 other obligations, and that pledge of revenue may be in combination
19 with other revenue, including tax revenue, available to the
20 district.

21 Sec. 7.06. ABOLITION OF TAX. (a) Except as provided by
22 Subsection (b), the board may abolish the tax imposed under this
23 subchapter without an election.

24 (b) The board may not abolish the tax imposed under this
25 section if the district has any outstanding debt or obligation
26 secured by the tax, and repayment of the debt or obligation would be
27 impaired by the abolition of the tax.

1 (c) If the board abolishes the tax, the board shall notify
2 the comptroller of that action in the same manner as the municipal
3 secretary provides notice to the comptroller under Section
4 321.405(b), Tax Code.

5 (d) If the board abolishes the tax or decreases the tax rate
6 to zero, a new election to authorize a sales and use tax must be held
7 under Section 2.01. before the district may subsequently impose the
8 tax.

9 ARTICLE 8. DISSOLUTION

10 Sec. 8.01. DISSOLUTION. (a) A district created under this
11 chapter may be dissolved only as provided in this section.

12 (b) The board of directors may petition the commissioners
13 court to dissolve the district if a majority of the board finds at
14 any time (1) before the authorization of bonds or the final lending
15 of its credit, that the proposed undertaking is impracticable or
16 cannot be successfully and beneficially accomplished, or (2) that
17 all bonds of the district or other debts of the district have been
18 paid and the purposes of the district have been accomplished.

19 (c) On receipt of a petition from the board for dissolution
20 of the district, the county commissioners shall hold a hearing.

21 (d) If the commissioners court determines from the evidence
22 that the best interests of the county and the owners of property and
23 interests in property within the district will be served by
24 dissolving the district, the commissioners court shall enter in its
25 records the appropriate findings and order dissolving the district.
26 Otherwise the commissioners court shall enter its order providing
27 that the district has not been dissolved. On dissolution of the

1 district, funds and property of the district, if any, shall be
2 transferred to the commissioners court.

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

10 (b) All requirements of the constitution and laws of this
11 state and the rules of procedure of the legislature with respect to
12 the notice, introduction, and passage of this Act have been
13 fulfilled and accomplished.

14 SECTION 3. This Act takes effect immediately if it receives
15 a vote of two-thirds of all the members elected to each house, as
16 provided by Section 39, Article III, Texas Constitution. If this
17 Act does not receive the vote necessary for immediate effect, this
18 Act takes effect September 1, 2025.