

By: Guillen

H.B. No. 5692

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Palangana Energy District; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.

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

SECTION 1. Subtitle X, Title 6, Special District Local Laws Code, is amended by adding Chapter 11023 to read as follows:

CHAPTER 11023. PALANGANA ENERGY DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 11023.0101. DEFINITIONS. In this chapter:

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

(2) "Commission" means the Texas Commission on Environmental Quality.

(3) "County" means Duval County.

(4) "Director" means a board member.

(5) "District" means the Palangana Energy District.

Sec. 11023.0102. NATURE OF DISTRICT. The Palangana Energy District is a conservation and reclamation district created under Section 59, Article XVI, Texas Constitution.

Sec. 11023.0103. PURPOSE; DECLARATION OF INTENT. (a) The creation of the district is essential to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this chapter.

1       (b) By creating the district, the legislature has  
2 established a program to accomplish the public purposes set out in  
3 Section 52-a, Article III, Texas Constitution.

4       Sec. 11023.0104. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

5       (a) The district is created to serve a public use and benefit.

6       (b) The creation of the district is necessary to:

7               (1) accomplish essential public functions under the  
8 constitution of this state that enhance energy security,  
9 reliability, and resiliency in an environmentally responsible  
10 manner;

11              (2) promote and diversify economic development and  
12 commerce; and

13              (3) conserve, secure, and develop the natural energy  
14 resources of this state for the benefit of the South Texas region  
15 and this state.

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

18              (1) developing and diversifying the economy of the  
19 state;

20              (2) eliminating unemployment and underemployment; and

21              (3) developing or expanding transportation and  
22 commerce.

23       (d) The district will:

24              (1) promote the health, safety, and general welfare of  
25 residents, employers, potential employees, employees, visitors,  
26 and consumers in the district, and of the public;

27              (2) provide needed funding for the district to

1 preserve, maintain, and enhance the economic health and vitality of  
2 the district territory as a community and business center;

3 (3) promote the health, safety, welfare, and enjoyment  
4 of the public by providing pedestrian ways and by landscaping and  
5 developing certain areas in the district, which are necessary for  
6 the restoration, preservation, and enhancement of scenic beauty;  
7 and

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

10 (e) Pedestrian ways along or across a street, whether at  
11 grade or above or below the surface, and street lighting, street  
12 landscaping, parking, and street art objects are parts of and  
13 necessary components of a street and are considered to be a street  
14 or road improvement.

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

18 Sec. 11023.0105. INITIAL DISTRICT TERRITORY. (a) The  
19 district is initially composed of the territory described by  
20 Section 2 of the Act enacting this chapter.

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

25 (1) organization, existence, or validity;

26 (2) right to issue any type of bonds for the purposes  
27 for which the district is created or to pay the principal of and

interest on the bonds;

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

(4) legality or operation.

Sec. 11023.0106. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICTS LAW. Except as otherwise provided by this chapter, Chapter 375, Local Government Code, applies to the district.

Sec. 11023.0107. CONSTRUCTION OF CHAPTER. This chapter shall be liberally construed in conformity with the findings and purposes stated in this chapter.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 11023.0201. GOVERNING BODY; TERMS. (a) The district is governed by a board of five directors.

(b) The commission appoints the directors to positions numbered one through five.

(c) Directors serve staggered four-year terms.

(d) The commission shall appoint directors from persons recommended by the board.

(e) The board by resolution may change the number of directors on the board, but only if the board determines that the change is in the best interest of the district. The board may not consist of fewer than 5 or more than 11 directors.

Sec. 11023.0202. ELIGIBILITY TO SERVE AS DIRECTOR. (a) A director must meet the requirements provided by Section 375.063, Local Government Code.

(b) A person who owns a partnership interest, whether general or limited, or who has a lease with a remaining term of 30 years or more, excluding options, is considered to be an owner of

1 land for purposes of this chapter.

2 (c) A person who qualifies to serve on the board is  
3 qualified to serve as a director and participate in all votes  
4 pertaining to the business of the district.

5 Sec. 11023.0203. VACANCIES. Any vacancy occurring on the  
6 board shall be filled for the unexpired term by appointment in the  
7 manner in which the vacating director was appointed.

8 Sec. 11023.0204. REMOVAL OF DIRECTOR. The commission may  
9 remove a director for misconduct or failure to carry out the  
10 director's duties after a petition by a majority of the other  
11 directors.

12 Sec. 11023.0205. COMPENSATION; REIMBURSEMENT. A director  
13 is not entitled to compensation for service on the board but is  
14 entitled to be reimbursed for necessary expenses incurred in  
15 carrying out the duties and responsibilities of a director.

16 Sec. 11023.0206. INITIAL DIRECTORS. (a) On or after the  
17 effective date of the Act enacting this chapter, the owner or owners  
18 of a majority of the assessed value of the real property in the  
19 district according to the most recent certified tax appraisal roll  
20 for the county may submit a petition to the commission requesting  
21 that the commission appoint as initial directors the five persons  
22 named in the petition. The commission shall appoint as initial  
23 directors the five persons named in the petition.

24 (b) Each initial director serves until the date a successor  
25 permanent director is appointed in the manner provided by Section  
26 11023.0201. The commission may appoint an initial director to  
27 serve as a permanent director if the initial director is eligible to

1 serve under Section 11023.0202.

2 Sec. 11023.0207. OFFICERS. At the first meeting of the  
3 board after May 1 of each year, the board shall elect officers for  
4 the district, including a chair, vice chair, secretary, and  
5 treasurer.

6 Sec. 11023.0208. MEETINGS AND ACTIONS OF BOARD; QUORUM.

7 (a) The board may meet as many times each year as the board  
8 considers appropriate.

9 (b) A majority of the membership of the board constitutes a  
10 quorum at a meeting of the board.

11 (c) A concurrence of a majority of the directors present and  
12 voting is sufficient for transacting any business of the district  
13 unless other applicable law, or the district by rule, requires a  
14 concurrence of a greater number of directors for a specific type of  
15 decision.

16 SUBCHAPTER C. POWERS AND DUTIES

17 Sec. 11023.0301. GENERAL POWERS AND DUTIES. (a) The  
18 district has the powers and duties necessary to accomplish the  
19 purposes for which the district is created.

20 (b) The district may sell, lease, convey, or otherwise  
21 dispose of any right, interest, or property the district considers  
22 to be unnecessary for the efficient operation or maintenance of the  
23 district's facilities.

24 Sec. 11023.0302. IMPROVEMENT PROJECTS AND SERVICES. (a)  
25 The district, using any money available to the district for the  
26 purpose, may provide, design, construct, acquire, improve,  
27 relocate, operate, maintain, or finance an improvement project or

service authorized under this chapter or Chapter 375, Local Government Code.

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

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

Sec. 11023.0303. ADDITIONAL INFRASTRUCTURE POWERS. (a) The district may acquire, purchase, own, hold, lease, construct, operate, repair, improve, maintain, extend, develop, and finance:

(1) groundwater wells or other sources of water supply;

(2) water and wastewater works;

(3) drainage;

(4) road improvements;

(5) salt cavern solution mining and storage facilities;

(6) facilities relating to the production, transmission, or storage of natural gas or hydrogen; and

(7) facilities that generate, store, transmit, or distribute electricity, including solar energy generation and storage facilities.

(b) The district may not operate a facility described by Subsection (a)(7) for the sale of electricity to an end user.

Sec. 11023.0304. LAW ENFORCEMENT SERVICES. To protect the public interest, the district may contract with a qualified party, including the county, to provide law enforcement services in the

1 district for a fee.

2 Sec. 11023.0305. ECONOMIC DEVELOPMENT PROGRAMS. (a) The  
3 district may engage in activities that accomplish the economic  
4 development purposes of the district.

5 (b) The district may establish and provide for the  
6 administration of one or more programs to promote state or local  
7 economic development and to stimulate business and commercial  
8 activity in the district, including programs to:

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

10 (2) provide district personnel and services.

11 (c) The district may create economic development programs  
12 and exercise the economic development powers provided to  
13 municipalities by:

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

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

16 Sec. 11023.0306. EMINENT DOMAIN. (a) The district may  
17 exercise the power of eminent domain inside the district boundaries  
18 to acquire a fee simple or other interest in property if the  
19 interest is necessary for the district to exercise the rights or  
20 authority conferred by this chapter, including for a purpose  
21 described by Section 49.222, Water Code.

22 (b) The district must exercise the power of eminent domain  
23 in the manner provided by Chapter 21, Property Code, except that the  
24 district is not required to give bond for appeal or bond for costs  
25 in a condemnation suit or other suit to which it is a party and is  
26 not required to deposit more than the amount of the award in any  
27 suit.



1        (c) The district may not exercise the power of eminent  
2 domain outside the district boundaries.

3        Sec. 11023.0307. COOPERATIVE CONTRACTS. The district may  
4 enter into an interlocal contract with a local government under  
5 Chapter 791, Government Code, to carry out a power of the district.

6        Sec. 11023.0308. ADDING OR EXCLUDING LAND. Except as  
7 provided by Section 11023.0309, the district may add or exclude  
8 land in the manner provided by Subchapter J, Chapter 49, Water Code,  
9 or by Subchapter H, Chapter 54, Water Code.

10       Sec. 11023.0309. DIVISION OF DISTRICT. (a) The district  
11 may be divided into two or more new districts only if the district:

12                (1) has no outstanding bonded debt; and

13                (2) is not imposing ad valorem taxes.

14       (b) This chapter applies to any new district created by the  
15 division of the district, and a new district has all the powers and  
16 duties of the district.

17       (c) Any new district created by the division of the district  
18 may not, at the time the new district is created, contain any land  
19 outside the area described by Section 2 of the Act enacting this  
20 chapter.

21       (d) The board, on its own motion or on receipt of a petition  
22 signed by the owner or owners of a majority of the assessed value of  
23 the real property in the district, may adopt an order dividing the  
24 district.

25       (e) The board may adopt an order dividing the district  
26 before or after the date the board holds an election to provide  
27 authority for the issuance of bonds.

1       (f) An order dividing the district must:

2           (1) name each new district;

3           (2) include the metes and bounds description of the  
4 territory of each new district;

5           (3) appoint initial directors for each new district;  
6 and

7           (4) provide for the division of assets and liabilities  
8 between or among the new districts.

9       (g) On or before the 30th day after the date of adoption of  
10 an order dividing the district, the district shall file the order  
11 with the commission and record the order in the real property  
12 records of each county in which the district is located.

13       (h) Any new district created by the division of the district  
14 must hold an election as required by this chapter to obtain voter  
15 approval before the district may impose a maintenance tax or issue  
16 bonds payable wholly or partly from ad valorem taxes.

17       Sec. 11023.0310. OPTION OF SELECTION OF ELECTRICAL  
18 PROVIDER. (a) The board of a district that is located in the  
19 service area of more than one provider of electricity by resolution  
20 may select the provider that may provide such services within the  
21 entire territory of the district. The resolution must state the  
22 effective date.

23       (b) As soon as practicable after the date a board resolution  
24 under Subsection (a) is approved, the board shall file with each  
25 affected provider and in the real property records of each county in  
26 which the district is located a certified copy of the resolution.

27       (c) On the effective date of the resolution, the territory

1 in the district may be served only by the provider of retail  
2 electrical services selected by the district for all purposes  
3 related to the provision of retail electrical services. No action  
4 or approval by any provider of retail electrical services not  
5 selected by the district is required.

6 (d) This section applies only to the selection of a provider  
7 of retail electrical services and not to a certificate of  
8 convenience and necessity.

9 Sec. 11023.0311. PUBLIC IMPROVEMENT DISTRICT POWERS. The  
10 district has the powers provided by Chapter 372, Local Government  
11 Code, to a municipality or county.

12 Sec. 11023.0312. DEVELOPMENT CORPORATION POWERS. The  
13 district may create and use a development corporation under Chapter  
14 501, Local Government Code, by acting as a unit under that chapter.

15 Sec. 11023.0313. CERTAIN RESIDENTIAL PROPERTY NOT EXEMPT.  
16 Section 375.161, Local Government Code, does not apply to the  
17 district.

18 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

19 Sec. 11023.0401. GIFTS, GRANTS, LOANS, AND OTHER FUNDS.  
20 The district may apply for, accept, receive, and administer gifts,  
21 grants, loans, and other funds available from any source.

22 Sec. 11023.0402. AUTHORITY TO BORROW MONEY AND TO ISSUE  
23 BONDS AND OTHER OBLIGATIONS. (a) The district may borrow money on  
24 terms determined by the board.

25 (b) The district may issue bonds, notes, or other  
26 obligations payable wholly or partly from ad valorem taxes, impact  
27 fees, revenue, contract payments, grants, sales and use taxes,

1 other district money, or any combination of those sources to pay for  
2 any authorized district purpose. The district may finance any  
3 purchase or acquisition through a bond, note, or other obligation  
4 or through a lease-purchase agreement.

5 (c) Subchapter F, Chapter 49, Water Code, does not apply to  
6 the district.

7 (d) Section 54.5161, Water Code, does not apply to the  
8 district.

9 (e) The district has the rights, powers, duties, and  
10 obligations of an issuer under Chapter 1371, Government Code.

11 Sec. 11023.0403. BONDS, NOTES, AND OTHER OBLIGATIONS EXEMPT  
12 FROM TAXATION. A bond, note, or other obligation issued under this  
13 chapter, a transaction related to the bond, note, or other  
14 obligation, the interest on the bond, note, or other obligation,  
15 and the profit from the sale of the bond, note, or other obligation  
16 are exempt from taxation by this state or a political subdivision of  
17 this state.

18 Sec. 11023.0404. DISBURSEMENTS AND TRANSFERS OF MONEY. The  
19 board by resolution shall establish the number of directors'  
20 signatures and the procedure required for a disbursement or  
21 transfer of district money.

22 SUBCHAPTER E. ASSESSMENTS

23 Sec. 11023.0501. PETITION REQUIRED FOR FINANCING SERVICES  
24 AND IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a  
25 service or improvement project with assessments under this chapter  
26 unless a written petition requesting that service or improvement  
27 has been filed with the board.

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

5       Sec. 11023.0502. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a)  
6 The board by resolution may impose and collect an assessment for any  
7 purpose authorized by this chapter in all or any part of the  
8 district.

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

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

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

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

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

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

SUBCHAPTER F. TAXES AND BONDS

Sec. 11023.0601. TAX ELECTION REQUIRED. (a) 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.

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

Sec. 11023.0602. OPERATION AND MAINTENANCE TAX. (a) If authorized by a majority of the district voters voting at an election under Section 11023.0601, 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 operation and maintenance tax rate. The rate may not exceed the rate approved at the election.

Sec. 11023.0603. BONDS SECURED BY REVENUE OR CONTRACT PAYMENTS. The district may issue, without an election, bonds secured by:

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

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

3           Sec. 11023.0604. BONDS SECURED BY AD VALOREM TAXES;  
4 ELECTIONS. (a) If authorized at an election under Section  
5 11023.0601, the district may issue bonds payable from ad valorem  
6 taxes.

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

13           (c) All or any part of any facilities or improvements that  
14 may be acquired by a district by the issuance of its bonds may be  
15 submitted as a single proposition or as several propositions to be  
16 voted on at the election.

17           (d) The district may not issue bonds payable from ad valorem  
18 taxes to finance a road project unless the issuance is approved by a  
19 vote of a two-thirds majority of the district voters voting at an  
20 election held for that purpose.

21           Sec. 11023.0605. BONDS FOR ROAD PROJECTS. At the time of  
22 issuance, the total principal amount of bonds or other obligations  
23 issued or incurred to finance road projects and payable from ad  
24 valorem taxes may not exceed one-fourth of the assessed value of the  
25 real property in the district.

26           Sec. 11023.0606. CONSENT OF MUNICIPALITY REQUIRED. (a)  
27 The board may not issue bonds until each municipality in whose

1 corporate limits or extraterritorial jurisdiction the district is  
2 located has consented by ordinance or resolution to the creation of  
3 the district and to the inclusion of land in the district as  
4 required by applicable law.

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

7 Sec. 11023.0607. AUTHORIZED INVESTMENTS; SECURITY FOR  
8 FUNDS. (a) All bonds, notes, and other obligations issued by the  
9 district shall be legal and authorized investments for all banks,  
10 trust companies, building and loan associations, savings and loan  
11 associations, insurance companies of all kinds and types,  
12 fiduciaries, and trustees, and for all interest and sinking funds  
13 and other public funds of the state, and all agencies,  
14 subdivisions, and instrumentalities of the state, including all  
15 counties, cities, towns, villages, school districts, and all other  
16 kinds and types of districts, public agencies, and bodies politic.

17 (b) The district's bonds, notes, and other obligations are  
18 eligible and lawful security for all deposits of public funds of the  
19 state, and all agencies, subdivisions, and instrumentalities of the  
20 state, including all counties, cities, towns, villages, school  
21 districts, and all other kinds and types of districts, public  
22 agencies, and bodies politic, to the extent of the market value of  
23 the bonds, notes, and other obligations when accompanied by any  
24 unmatured interest coupons attached to them.

25 (c) The district's bonds are negotiable instruments within  
26 the meaning and purposes of the Business & Commerce Code. The  
27 district's bonds may be issued and bear interest in accordance with



Chapters 1201, 1204, and 1371, Government Code, and Subchapters A-C, Chapter 1207, Government Code.

SUBCHAPTER G. SALES AND USE TAX

Sec. 11023.0701. APPLICABILITY OF CERTAIN TAX CODE PROVISIONS. (a) Chapter 321, Tax Code, governs the imposition, computation, administration, enforcement, and collection of the sales and use tax authorized by this subchapter except to the extent Chapter 321, Tax Code, is inconsistent with this chapter.

(b) A reference in Chapter 321, Tax Code, to a municipality or the governing body of a municipality is a reference to the district or the board, respectively.

Sec. 11023.0702. ELECTION; ADOPTION OF TAX. (a) The district may adopt a sales and use tax if authorized by a majority of the voters of the district voting at an election held for that purpose.

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

(c) The ballot shall be printed to provide for voting for or against the proposition: "Authorization of a sales and use tax in the Palangana Energy District at a rate not to exceed \_\_\_\_ percent" (insert rate of one or more increments of one-eighth of one percent).

Sec. 11023.0703. SALES AND USE TAX RATE. (a) On or after the date the results are declared of an election held under Section 11023.0702 at which the voters approved imposition of the tax

1 authorized by this subchapter, the board shall determine and adopt  
2 by resolution or order the initial rate of the tax, which must be in  
3 one or more increments of one-eighth of one percent.

4 (b) After the authorization of a tax under Section  
5 11023.0702, the board may increase or decrease the rate of the tax  
6 by one or more increments of one-eighth of one percent.

7 (c) The board may not decrease the rate of the tax if the  
8 decrease would impair the repayment of any outstanding debt or  
9 obligation payable from the tax.

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

12 (1) the maximum rate authorized by the district voters  
13 at the election held under Section 11023.0702; or

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

19 (e) In determining whether the combined sales and use tax  
20 rate under Subsection (d)(2) would exceed the maximum combined rate  
21 prescribed by Section 321.101(f), Tax Code, at any location in the  
22 district, the board shall include:

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

25 (2) any sales and use tax to be imposed by the county  
26 or a municipality in which the district is located as a result of an  
27 election held on the same date as the election held under Section

1 11023.0702; and

2 (3) any increase to an existing sales and use tax  
3 imposed by the county or a municipality in which the district is  
4 located as a result of an election held on the same date as the  
5 election held under Section 11023.0702.

6 (f) If the district adopts a sales and use tax authorized at  
7 an election under Section 11023.0702 and subsequently includes new  
8 territory in the district, the district:

9 (1) is not required to hold another election to  
10 approve the imposition of the sales and use tax in the included  
11 territory; and

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

14 (g) If the district adopts a sales and use tax authorized at  
15 an election under Section 11023.0702 and subsequently excludes  
16 territory in the district, the sales and use tax is inapplicable to  
17 the excluded territory as provided by Chapter 321, Tax Code, but is  
18 applicable to the territory remaining in the district.

19 Sec. 11023.0704. TAX AFTER MUNICIPAL ANNEXATION. (a) This  
20 section applies to the district after a municipality annexes part  
21 of the territory in the district and imposes the municipality's  
22 sales and use tax in the annexed territory.

23 (b) If at the time of annexation the district has  
24 outstanding debt or other obligations payable wholly or partly from  
25 district sales and use tax revenue, Section 321.102(g), Tax Code,  
26 applies to the district.

27 (c) If at the time of annexation the district does not have

outstanding debt or other obligations payable wholly or partly from district sales and use tax revenue, the district may:

(1) exclude the annexed territory from the district, if the district has no outstanding debt or other obligations payable from any source; or

(2) reduce the sales and use tax in the annexed territory by resolution or order of the board to a rate that, when added to the sales and use tax rate imposed by the municipality in the annexed territory, is equal to the sales and use tax rate imposed by the district in the district territory that was not annexed by the municipality.

Sec. 11023.0705. NOTIFICATION OF RATE CHANGE. The board shall notify the comptroller of any changes made to the tax rate under this subchapter in the same manner the municipal secretary provides notice to the comptroller under Section [321.405\(b\)](#), Tax Code.

Sec. 11023.0706. USE OF REVENUE. Revenue from the sales and use tax imposed under this subchapter is for the use and benefit of the district and may be used for any district purpose. The district may pledge all or part of the revenue to the payment of bonds, notes, or other obligations, and that pledge of revenue may be in combination with other revenue, including tax revenue, available to the district.

Sec. 11023.0707. ABOLITION OF TAX. (a) Except as provided by Subsection (b), the board may abolish the tax imposed under this subchapter without an election.

(b) The board may not abolish the tax imposed under this

1 subchapter if the district has any outstanding debt or obligation  
2 secured by the tax, and repayment of the debt or obligation would be  
3 impaired by the abolition of the tax.

4 (c) If the board abolishes the tax, the board shall notify  
5 the comptroller of that action in the same manner the municipal  
6 secretary provides notice to the comptroller under Section  
7 321.405(b), Tax Code.

8 (d) If the board abolishes the tax or decreases the tax rate  
9 to zero, a new election to authorize a sales and use tax must be held  
10 under Section 11023.0702 before the district may subsequently  
11 impose the tax.

12 SUBCHAPTER I. DISSOLUTION

13 Sec. 11023.0901. DISSOLUTION. (a) The board shall  
14 dissolve the district on written petition filed with the board by  
15 the owners of at least two-thirds of the assessed value of the  
16 property subject to assessment or taxation by the district based on  
17 the most recent certified county property tax rolls.

18 (b) The district may not be dissolved by its board under  
19 Subsection (a) 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 (c) Sections 375.261, 375.262, and 375.264, Local  
4 Government Code, do not apply to the district.

5 SECTION 2. The Palangana Energy District initially includes  
6 all territory contained in the following area:

7 TRACT 1 (3,086.793 acres):

8 Being 3762.302 acres of land, more or less, excluding 670.379  
9 acres of land, more or less, out of the Eusebio Carrillo Survey 82,  
10 Abstract No. 1702 and excluding 5.13 acres of land of surface  
11 estate, more or less, being the total of the 0.11 acres, 3.46 acres  
12 and 1.17 acres recorded in Volume 254, Page 446, Deed Records of  
13 Duval County, Texas and the 0.39 acres recorded in Volume 274, Page  
14 15, D.R.D.C.T. lying within the 120 foot wide fenced area around  
15 F.M. 3196, leaving a net acreage of 3086.793 acres of land, more or  
16 less, said 3086.793 acres including 20.798 acres lying within the  
17 120 foot wide fenced in area around F.M. 3196 and being all the  
18 called 3100.64 acre tract recorded in Volume 61, Page 285, Deed  
19 Records of Duval County, Texas, which tract is located  
20 approximately 4 miles north of Benavides, Texas and 12 miles  
21 southwest of San Diego Texas and being a portion of the tract of  
22 land known as the Palangana Pasture in Duval County, Texas allotted  
23 to Mrs. Lizzie Singer under the terms of the will of Mrs. Anna  
24 Collins, deceased, and decree of the District Court of Nueces  
25 County, Texas and being Share 4 out of Parcel F Second (sometimes  
26 referred to in the Record as being out of Parcel F, First and Parcel  
27 F, Second) and which decree is recorded in Volume Z, Page 314, Deed

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1 Records of Duval County, Texas and this 3762.302 acre tract being  
2 more particularly described by metes and bounds as follows;

3 Beginning at a found timber corner post being the southwest  
4 corner of said Share 3, Parcel F, Second allotted to Robert  
5 Schallert for the northwest corner of this tract and said corner  
6 having a State Plane Grid Coordinate of N 17,135,158.96', E  
7 1,005,006.90', NAD'83, Texas South Zone in U.S. feet;

8 Thence S 00-47-55 E with the west boundary of this tract and  
9 S.K. & K Survey 247, Abstract No. 548, 3081.26 feet, to a found  
10 timber fence corner post for a slight turning point on said fence;

11 Thence S 00-26-55 E with the west boundary of this tract and  
12 the west boundary of said Survey 247 and G. H.&H.R.R. Survey 79,  
13 Abstract No. 250, 2312.56 feet, to a found timber fence corner post  
14 for a southwest corner of this tract, the same being the southeast  
15 corner of John A Dix Survey 80, Abstract No. 1470 and the northeast  
16 corner of N. Gutierrez Survey 6, Abstract No. 662;

17 Thence N 89-21-36 E with a south boundary of this tract,  
18 625.00 feet, to a set 5/8-inch iron rod for an inside corner of this  
19 tract;

20 Thence S 01-00-18 E with a west boundary of this tract,  
21 2804.69 feet, to a set 5/8-inch iron rod for an interior corner of  
22 this tract;

23 Thence S 88-58-56 W with a north boundary of this tract,  
24 625.00 feet, to a found pointed mesquite fence corner post for a  
25 corner of this tract and the southeast corner of the N. Gutierrez  
26 Survey 6, Abstract No. 662, the same being the northeast corner of  
27 the Jose Ma. Saens Survey 23, Abstract No. 509;

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1           Thence S 00-04-45 W with a west boundary of this tract, the  
2 same being the west boundary of said G.H. & H.R.R. Survey 79,  
3 Abstract No. 250, 275.35 feet, to a found timber fence corner post  
4 for a southwest corner of this tract and said Survey 79, the same  
5 being the northwest corner of the Jose Ma. Vela Survey 22, Abstract  
6 No. 616;

7           Thence S 89-42-18 E with a south boundary of this tract, the  
8 same being the common boundary between Surveys 79 and 22, 2688.37  
9 feet, to a fence steel corner post for a corner of this tract and  
10 said Survey 79 and the northeast corner of said Survey 22;

11           Thence S 01-16-25 E with a west boundary of this tract and  
12 said Survey 79, the same being the east boundary of Survey 22,  
13 417.05 feet, to a found steel fence corner post for a corner of this  
14 tract, the same being the northwest corner of the S. Estringel  
15 Survey 21, Abstract No. A-209 for a corner of this tract and said  
16 Survey 79;

17           Thence N 89-49-48 E with the south boundary of this tract and  
18 said Survey 79, the same being the north boundary of said Survey 21,  
19 2,698.56 feet, to a found steel fence corner post for an inside  
20 corner of this tract, the same being the southeast corner of Survey  
21 79 and the northeast corner of Survey 21;

22           Thence S 00-13-02 E with a west boundary of this tract and the  
23 Geo. Cumberland Survey No. 4, Abstract No. 175, the Antonio Vela  
24 Survey 25, Abstract No. 615, the same being the east boundary of  
25 Survey 21, 2713.80 feet to a found timber fence corner post for a  
26 corner of this tract and the southeast corner of Survey 21 and a  
27 corner of the Garza Irrigation and Manufacturing Survey 593,



1 Abstract 664;

2 Thence S 00-39-38 E, 397.68 feet, to a found timber fence  
3 corner post for the southwest corner the Antonio Vela Survey 25,  
4 Abstract No. 615, the same being a corner of said Survey 593;

5 Thence S 01-24-22 W with the west boundary of this tract,  
6 1746.24 feet, to a found timber corner post for the southmost  
7 southwest corner of this tract, said corner being the northwest  
8 corner of the Marcos Villareal Survey 52, Abstract No. 1520 and a  
9 corner of said Survey 593;

10 Thence N 89-04-12 E with the south boundary of this tract and  
11 said Survey 593, 4,008.83 feet, to a found timber fence corner post  
12 on the west fence line of F.M. 3196 for a southeast corner of this  
13 tract;

14 Thence N 03-55-20 W with the east boundary of this tract along  
15 a fence line on the west side of F.M. 3196, 1695.60 feet, to a found  
16 timber fence corner post for a northeast corner of this tract;

17 Thence S 89-45-00 W with the most southerly north boundary of  
18 this tract, the same being the south boundary of the Nestor Garza  
19 Survey 47, Abstract No. 275, 1165.58 feet, to a found timber fence  
20 corner post for an interior corner of this tract and the common  
21 corner of said Surveys 47 and 25;

22 Thence N 00-15-00 W with an east boundary of this tract and  
23 the west boundary of said Survey 47, the same being the east  
24 boundary of Survey 25, 2724.39 feet, to a found timber fence corner  
25 post for an interior corner of this tract and the northeast corner  
26 of said Survey 25 and the northwest corner of said Survey 47, said  
27 corner being on the south boundary of the Geo Cumberland Survey

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1 No. 4, Abstract No. 175;

2 Thence N 89-48-59 E with a south boundary of this tract, the  
3 same being the south boundary of said Survey No. 4, passing F.M.  
4 3196, in all 8,615.88 feet, to a found 1-1/2 inch iron pipe for the  
5 east most southeast corner of this tract and the southeast corner of  
6 said Survey 4;

7 Thence N 00-16-59 E with the east boundary of this tract and  
8 said Survey No. 4, 9,149.76 feet, to a found timber fence corner  
9 post for the northeast corner of this tract, the same being the  
10 southeast corner of said Share 3, Parcel F, Second;

11 Thence N 89-37-13 W with the north boundary of this tract,  
12 16,854.30 feet, to the point of beginning and containing 3762.302  
13 acres of land, more or less, excluding the aforementioned 670.379  
14 acre tract out of the Eusebio Carrillo Survey 82, Abstract No. 1702  
15 and also excluding the 5.13 acres of surface estate lying within the  
16 boundary fence of F.M. 3196, leaving a net acreage of 3086.793  
17 acres.

18 Excluded 670.379 Acre Tract (Carrillo Survey 82 Tract):

19 Beginning at a 5/8-inch iron rod found for the northeast  
20 corner of said Survey 82, said corner having a State Plane Grid  
21 Coordinate of N 17,133,663.97', E 1,015,463.27', NAD,83, Texas  
22 South Zone in U. S feet and from whence the found timber fence  
23 corner post for the northeast corner of the above described  
24 3762.302 acre tract bears N 77-47-57 E, 6,545.40 feet;

25 Thence S 00-15-29 E with the east boundary of this tract and  
26 said Survey 82, the same being a west boundary of the Geo.  
27 Cumberland Survey 4, Abstract No. 175, at 5,149.47 feet, pass a

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1 found 4-inch timber cedar post on the fence on the west side of F.M.  
2 3196 , said cedar fence post being the north corner of a 0.21 acre  
3 surface estate recorded in Volume 253, Page 288, Deed Records of  
4 Duval County, Texas, in all 5392.29 feet to the southeast corner of  
5 this tract and said Survey 82 and said 0.21 acre tract, the same  
6 being an inside corner of the G. Cumberland Survey No. 4;

7 Thence S 89-23-04 W with the south boundary of this tract and  
8 said Survey 82 and said 0.21 acre tract, the same being the  
9 southmost north boundary line of said Survey 4, at 42.93 feet pass a  
10 fence corner post on the west fence of F.M. 3196, said corner also  
11 being the west corner of said 0.21 acre surface estate, in all  
12 5,403.55 feet, to a found timber fence corner post for the southwest  
13 corner of this tract and said Survey 82;

14 Thence N 00-28-15 W with the west boundary of this tract and  
15 said Survey 82, 5,394.46 feet, to a found steel corner post for the  
16 northwest corner of this tract and said Survey 82;

17 Thence N 89-24-30 E with the north boundary of this tract and  
18 said Survey 82, 5,423.57 feet, to the point of beginning and  
19 containing 670.379 acres of land, more or less, save and except said  
20 0.21 acres of said surface estate conveyed to the State of Texas,  
21 leaving a net acreage of 670.169 acres

22 TRACT 2 (1,458.468 acres):

23 BEING 1,458.468 ACRES OF LAND, MORE OR LESS, OUT OF J.  
24 POITEVENT SURVEY, SECTION NO. 10, ABSTRACT NO. 881; J. POITEVENT  
25 SURVEY, SECTION NO. 10, ABSTRACT NO. 977; J. POITEVENT SURVEY,  
26 SECTION NO. 10, ABSTRACT NO. 998; J. POITEVENT SURVEY, SECTION NO.  
27 11, ABSTRACT NO. 674; THE SOUTH ONE HALF OF SK&K SURVEY, SECTION NO.

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242, ABSTRACT NO. 1240; JAMES BROYLES SECTION NO. 245, ABSTRACT NO.  
948; J.C. MEGERLE RANCH, RECORDED IN VOLUME 140, PAGE 501, DEED  
RECORDS OF DUVAL COUNTY, TEXAS, AND THIS 1,458.468 ACRES OF LAND  
BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A SET 5/8" IRON ROD, SAID IRON ROD BEING THE  
SOUTHEAST CORNER OF THE SA&MG RR CO SURVEY, SECTION NO. 88, ABSTRACT  
NO. 1649 AND BEING ON THE WEST BOUNDARY LINE OF SA&MG RR CO SURVEY,  
SECTION NO. 84, ABSTRACT NO. 932 AND BEING THE NORTHEAST CORNER OF  
THIS TRACT;

THENCE S 00°31'55" E WITH FENCE AND WEST LINE OF SAID SECTION  
NO. 84 A DISTANCE OF 2,178.13 FEET TO A FOUND 5/8" IRON ROD, BEING  
THE SOUTHWEST CORNER OF SECTION NO. 84 AND AN INTERIOR CORNER OF  
SAID J. POITEVENT SURVEY, SECTION 10, ABSTRACT NO. 881 AND A CORNER  
OF THIS TRACT;

THENCE S 47°22'24" W WITH FENCE AND A DISTANCE 5,737.96 FEET  
TO A FOUND 5/8" IRON ROD, BEING THE SOUTHEAST CORNER OF THIS TRACT;

THENCE S 89°53'40" W WITH FENCE AND A DISTANCE OF 4,188.97 TO A  
SET 5/8" IRON ROD , BEING INTERIOR CORNER OF THIS TRACT;

THENCE S 00°11'27" E A DISTANCE OF 3,248.10 FEET TO A FOUND 1"  
IRON PIPE LYING WITHIN IN THE RIGHT OF WAY OF THE TEX-MEX RAIL ROAD  
ON THE WEST SIDE OF RAIL ROAD TRACKS, SAID IRON ROD BEING THE  
SOUTHERLY SOUTHEAST CORNER OF THIS TRACT;

THENCE N 80°56'27" W A DISTANCE OF 2,641.38 FEET TO A FOUND 1"  
IRON PIPE, THE SOUTHEAST CORNER OF GEORGE CUMBERLAND SURVEY,  
SECTION NO. 4, ABSTRACT NO. 175 AN INTERIOR CORNER OF SAID SECTION  
245 AND THE SOUTHWEST CORNER OF THIS TRACT;

THENCE N 00°18'02" E WITH FENCE ON THE EAST BOUNDARY LINE OF

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1 SAID SECTION NO. 4 AND WEST BOUNDARY LINE OF SAID SECTION NO. 245  
2 AND SOUTH HALF OF SECTION NO. 242, A DISTANCE OF 8,414.70 FEET TO A  
3 FOUND 1" IRON PIPE, THE NORTH WEST CORNER OF SECTION NO. 242 AND THE  
4 MOST WESTERLY NORTHWEST CORNER OF THIS TRACT;

5 THENCE N 89°12'34" E WITH FENCE AND SOUTH LINE OF THE NORTH  
6 HALF OF SK&K SURVEY, SECTION NO. 242, ABSTRACT NO. 1651 AND NORTH  
7 LINE OF SOUTH HALF OF SECTION NO. 242, A DISTANCE OF 5,623.26 FEET  
8 TO A FOUND 1" IRON PIPE FOR AN INTERIOR CORNER OF THIS TRACT;

9 THENCE N 00°34'44" W WITH FENCE AND A DISTANCE OF 333.55 FEET  
10 TO A FOUND 1" IRON PIPE, AND BEING THE MOST NORTHERLY NORTHWEST  
11 CORNER OF THIS TRACT;

12 THENCE N 89°09'35" E WITH FENCE AND SOUTH BOUNDARY LINE OF  
13 SAID SECTION NO. 88 AND NORTH BOUNDARY LINE OF SAID SECTION NO. 10;  
14 ABSTRACT NO. 977, 998 AND 881 A DISTANCE OF 5,325.32 FEET TO THE  
15 PLACE OF BEGINNING AND CONTAINING 1,458.468 ACRES OF LAND, MORE OR  
16 LESS, OF WHICH 34.529 ACRES ARE WITHIN THE RAIL ROAD R.O.W.

17 TRACT 3 (169.830 acres):

18 Field notes of a 169.830 acre tract described in a deed  
19 recorded in Volume 547, Page 813, Official Records Duval County,  
20 Texas. Said 169.830 acre tract being out of Survey No. 82,  
21 Certificate 31/184, G.H. & H., Original Grantee, Abstract No. 1702,  
22 Duval County, Texas. Said 169.830 acre tract being more  
23 particularly described as follows:

24 BEGINNING at a cotton spindle set at the southeast corner of  
25 said Abstract No. 1702, in the northwest right of way of Farm to  
26 Market 3196, for an inside corner of the G. Cumberland Survey,  
27 Abstract 175, and for the southeast corner of this survey.

1           THENCE with the common line of said Abstracts 1702 and 175,  
2 and this survey, South 89°26'23" West, a distance of 3680.56 feet to  
3 a 5/8" re-bar set in the common line of said Abstracts 1702 and 175,  
4 and for the southwest corner of this survey.

5           THENCE across said Abstract 1702, North 00°33'37" West, a  
6 distance of 416.67 feet to a 5/8" re-bar set for an outside corner  
7 of this survey.

8           THENCE across said Abstract 1702, North 89°26'23" East, a  
9 distance of 1041.67 feet to a 5/8" re-bar set for an inside corner  
10 of this survey.

11          THENCE across said Abstract 1702, North 00°33'37" West, a  
12 distance of 2222.23 feet to a 5/8" re-bar set for the northwest  
13 corner of this survey.

14          THENCE across said Abstract 1702, North 89°26'23" East, a  
15 distance of 2638.89 feet to a 5/8" re-bar set for the northeast  
16 corner of this survey.

17          THENCE across said Abstract 1702, South 00°33'37" East, a  
18 distance of 2638.89 feet to the POINT of BEGINNING of this survey,  
19 and containing 169.830 acres of land, more or less.

20          TRACT 4 (9.733 acres):

21          Field notes of a 9.733 acre tract described in a deed recorded  
22 in Volume 547, Page 813, Official Records Duval County, Texas. Said  
23 9.733 acre tract being out of Survey No. 82, Certificate 31/184,  
24 G.H. & H., Original Grantee, Abstract No. 1702, Duval County,  
25 Texas. Said 9.733 acre tract being more particularly described as  
26 follows:

27          COMMENCING at a cotton spindle set at the southeast corner of

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1 said Abstract No. 1702, in the northwest right of way of Farm to  
2 Market 3196, for an inside corner of the G. Cumberland Survey,  
3 Abstract 175, and for the southeast corner of a 169.830 acre tract  
4 surveyed this day by Brister Surveying,

5       THENCE with the common line of said Abstracts 1702 and 175,  
6 and said 169.830 acre tract, South 89°26'23" West, at a distance of  
7 3680.56 feet pass a 5/8" re-bar set in the common line of said  
8 Abstracts 1702 and 175, and for the southwest corner of said 169.830  
9 acre tract, and in all a total distance of 5035.56 feet to a point,

10       THENCE North 00°33'37" West a distance of 734.72 feet to a  
11 point,

12       THENCE South 73°48'37" East, a distance of 177.78 feet to a  
13 point for the west corner of this survey and for the POINT of  
14 BEGINNING.

15       THENCE across said Abstract 1702, North 31°11'23" East, a  
16 distance of 452.78 feet to a point for the north corner of this  
17 survey.

18       THENCE across said Abstract 1702, South 73°48'37" East, a  
19 distance of 969.45 feet to a point for the east corner of this  
20 survey.

21       THENCE across said Abstract 1702, South 31°11'23" West, a  
22 distance of 452.78 feet to a point for the south corner of this  
23 survey.

24       THENCE across said Abstract 1702, North 73°48'37" West, a  
25 distance of 969.45 feet to the POINT of BEGINNING of this survey,  
26 and containing 9.733 acres of land, more or less.

27       SECTION 3. (a) The legal notice of the intention to

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

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

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

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

18 SECTION 4. (a) Section 11023.0306, Special District Local  
19 Laws Code, as added by Section 1 of this Act, takes effect only if  
20 this Act receives a two-thirds vote of all the members elected to  
21 each house.

22 (b) If this Act does not receive a two-thirds vote of all the  
23 members elected to each house, Subchapter C, Chapter 11023, Special  
24 District Local Laws Code, as added by Section 1 of this Act, is  
25 amended by adding Section 11023.0306 to read as follows:

26 Sec. 11023.0306. NO EMINENT DOMAIN POWER. The district may  
27 not exercise the power of eminent domain.



1           SECTION 5. This Act takes effect immediately if it receives  
2 a vote of two-thirds of all the members elected to each house, as  
3 provided by Section 39, Article III, Texas Constitution. If this  
4 Act does not receive the vote necessary for immediate effect, this  
5 Act takes effect September 1, 2025.