1-1   By:  Smith of Harris (Senate Sponsor - Jackson)      H.B. No. 167
1-2         (In  the  Senate - Received  from  the House April 21, 2005;
1-3   April 25, 2005,  read  first  time  and  referred  to  Committee  on
1-4   Intergovernmental  Relations;  May 17, 2005,  reported  adversely,
1-5   with favorable Committee Substitute by the following vote: Yeas 5,
1-6   Nays 0; May 17, 2005, sent to printer.)

1-7   COMMITTEE SUBSTITUTE FOR H.B. No. 167                    By:  Deuell

1-8                         A BILL TO BE ENTITLED
1-9                                AN ACT

1-10  relating to the creation and authority of municipal development
1-11  districts.
1-12        BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-13        SECTION 1.  Section 377.001(3), Local Government Code, is
1-14  amended to read as follows:
1-15              (3)  "Development project"[+
1-16              [(A)] means:
1-17              (A) [(i)]  a "project" as that term is defined by
1-18  Section 4B(a), Development Corporation Act of 1979 (Article 5190.6,
1-19  Vernon's Texas Civil Statutes); or
1-20              (B) [and (ii)] a convention center facility or
1-21  related  improvement  such  as  a  convention  center,  civic  center,
1-22  civic  center  building,  civic  center  hotel,  or  auditorium,
1-23  including[; and
1-24              [(B)  includes] parking areas or facilities that
1-25  are used to park vehicles and that are located at or in the vicinity
1-26  of other convention center facilities.
1-27        SECTION 2.  Section 377.002,  Local  Government  Code,  is
1-28  amended to read as follows:
1-29        Sec. 377.002.  SCOPE [APPLICABILITY].  (a)  A [This chapter
1-30  applies only to a] municipality may create a district as provided in
1-31  this chapter in:
1-32              (1)  all or part of the boundaries of the municipality;
1-33              (2)  all or part of the boundaries of the municipality
1-34  and  all  or  part  of  the  boundaries  of  the  municipality's
1-35  extraterritorial jurisdiction; or
1-36              (3)  all or part of the municipality's extraterritorial
1-37  jurisdiction [that is located in more than one county].
1-38        (b)  The municipality may include territory outside of the
1-39  municipality  only  to  the  extent  that  territory  is  in  the
1-40  municipality's extraterritorial jurisdiction.
1-41        SECTION 3.  Subchapter A,  Chapter  377,  Local  Government
1-42  Code, is amended by adding Section 377.003 to read as follows:
1-43        Sec. 377.003.  CONSTITUTIONAL PURPOSE.  This chapter creates
1-44  a program under Section 52-a, Article III, Texas Constitution.
1-45        SECTION 4.  Sections  377.021(b),  (e),  and  (g),  Local
1-46  Government Code, are amended to read as follows:
1-47        (b)  The order calling the election must:
1-48              (1)  define the boundaries of the district [to include
1-49  all or part of the boundaries of the municipality]; and
1-50              (2)  call  for  the  election  to  be  held  within  those
1-51  boundaries.
1-52        (e)  If a majority of the registered voters of the proposed
1-53  district voting at the election to create the district vote against
1-54  creation  of  the  district, the municipality may not hold another
1-55  election  on  the  question  of  creating  a  municipal  development
1-56  district [may not be held in the municipality] before the first
1-57  anniversary of the most recent election concerning creation of a
1-58  district.
1-59        (g)  In the order calling the election, the municipality may
1-60  provide for the district boundaries to conform automatically to any
1-61  changes in the boundaries of the portion of the municipality or the
1-62  municipality's  extraterritorial  jurisdiction  included  in  the
1-63  district, and the election shall be held on one of the four uniform

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2-1    election dates under Section 41.001, Election Code.
2-2            SECTION 5.  Section 377.022(a), Local Government Code, is
2-3    amended to read as follows:
2-4            (a)  A district is a political subdivision of this state and
2-5    of the municipality that created [in which] the district [is
2-6    located].
2-7            SECTION 6.  Sections 377.051(b) and (d), Local Government
2-8    Code, are amended to read as follows:
2-9            (b)  The board is appointed by the governing body of the
2-10   municipality that created [in which] the district [is located].
2-11           (d)  To qualify to serve as a director, a person must reside
2-12   in [be a resident of] the municipality that created the district or
2-13   in that municipality's extraterritorial jurisdiction [in which the
2-14   district is located].  An employee, officer, or member of the
2-15   governing body of the municipality may serve as a director, but may
2-16   not have a personal interest in a contract executed by the district
2-17   other than as an employee, officer, or member of the governing body
2-18   of the municipality.
2-19           SECTION 7.  Section 377.053, Local Government Code, is
2-20   amended to read as follows:
2-21           Sec. 377.053.  MEETINGS.   The  board  shall  conduct  its
2-22   meetings in the municipality that created [in which] the district
2-23   [is located].
2-24           SECTION 8.  Section 377.072, Local Government Code, is
2-25   amended by amending Subsection (c) and adding Subsection (d) to
2-26   read as follows:
2-27           (c)  Except as provided by Subsection (d), the [The] district
2-28   may use money in the development project fund only to:
2-29                   (1)  pay   the   costs   of   planning,   acquiring,
2-30   establishing, developing, constructing, or renovating one or more
2-31   development projects in the district;
2-32                   (2)  pay the principal of, interest on, and other costs
2-33   relating to bonds or other obligations issued by the district or to
2-34   refund bonds or other obligations; or
2-35                   (3)  pay the costs of operating or maintaining one or
2-36   more  development  projects  during  the  planning,  acquisition,
2-37   establishment, development, construction, or renovation or while
2-38   bonds   or   other   obligations   for   the   planning,   acquisition,
2-39   establishment,  development,  construction,  or  renovation  are
2-40   outstanding.
2-41           (d)  A district located in a county with a population of 3.3
2-42   million or more may use money in the development project fund only
2-43   to:
2-44                   (1)  pay    the    costs    of    planning,    acquiring,
2-45   establishing, developing, constructing, or renovating one or more
2-46   development projects beneficial to the district if the projects are
2-47   in the district boundaries or the extraterritorial jurisdiction of
2-48   the municipality where the district is located;
2-49                   (2)  pay the principal of, interest on, and other costs
2-50   relating to bonds or other obligations issued by the district or to
2-51   refund bonds or other obligations; or
2-52                   (3)  pay the costs of operating or maintaining one or
2-53   more  development  projects  during  the  planning,  acquisition,
2-54   establishment, development, construction, or renovation or while
2-55   bonds   or   other   obligations   for   the   planning,   acquisition,
2-56   establishment,  development,  construction,  or  renovation  are
2-57   outstanding.
2-58           SECTION 9.  This Act takes effect immediately if it receives
2-59   a vote of two-thirds of all the members elected to each house, as
2-60   provided by Section 39, Article III, Texas Constitution.  If this
2-61   Act does not receive the vote necessary for immediate effect, this
2-62   Act takes effect September 1, 2005.

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