

1-1 By: Macias (Senate Sponsor - Wentworth) H.B. No. 3954  
1-2 (In the Senate - Received from the House May 14, 2007;  
1-3 May 15, 2007, read first time and referred to Committee on  
1-4 Intergovernmental Relations; May 18, 2007, reported favorably by  
1-5 the following vote: Yeas 3, Nays 0; May 18, 2007, sent to  
1-6 printer.)

1-7 A BILL TO BE ENTITLED  
1-8 AN ACT

1-9 relating to improvement projects in certain counties.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. The heading to Section 372.101, Local Government  
1-12 Code, is amended to read as follows:

1-13 Sec. 372.101. DEFINITIONS [~~, APPLICABILITY~~].

1-14 SECTION 2. Subchapter C, Chapter 372, Local Government  
1-15 Code, is amended by adding Section 372.1011 to read as follows:

1-16 Sec. 372.1011. APPLICABILITY. This subchapter applies only  
1-17 to:

1-18 (1) a county with a population of 825,000 or more,  
1-19 other than a county that:

1-20 (A) borders on the Gulf of Mexico or a bay or  
1-21 inlet of the gulf; or

1-22 (B) has two municipalities located wholly or  
1-23 partly in its boundaries each having a population of 300,000 or  
1-24 more; or

1-25 (2) a county with a population of 70,000 or more that  
1-26 is adjacent to a county described by Subdivision (1) in which a  
1-27 municipality with a population of 35,000 or more is primarily  
1-28 situated and includes all or a part of the extraterritorial  
1-29 jurisdiction of a municipality with a population of 1.1 million or  
1-30 more.

1-31 SECTION 3. Section 372.102, Local Government Code, is  
1-32 amended to read as follows:

1-33 Sec. 372.102. NATURE OF DISTRICT; PURPOSE. (a) A district  
1-34 is created under Section 52, Article III, and Section 59, Article  
1-35 XVI, Texas Constitution.

1-36 (b) By enacting this subchapter, the legislature has  
1-37 created a program for economic development as provided in Section  
1-38 52-a, Article III, Texas Constitution. A county may engage in  
1-39 economic development projects as provided by this subchapter, and,  
1-40 on a determination of the commissioners court of the county to  
1-41 create a district, may delegate the authority to oversee and manage  
1-42 the economic development project to an appointed board of  
1-43 directors. In appointing a board, the commissioners court  
1-44 delegates its authority to serve a public use and benefit.

1-45 SECTION 4. Section 372.105, Local Government Code, is  
1-46 amended to read as follows:

1-47 Sec. 372.105. ESTABLISHMENT OF ECONOMIC DEVELOPMENT  
1-48 PROJECTS; OPTIONAL CREATION OF PUBLIC IMPROVEMENT DISTRICT. (a)  
1-49 The commissioners court of a county [~~, other than a county that~~  
1-50 ~~borders on the Gulf of Mexico or a bay or inlet of the gulf or a~~  
1-51 ~~county that has two municipalities located in whole or in part~~  
1-52 ~~within its boundaries each having a population of 300,000 or more,~~  
1-53 may on receipt of a petition satisfying the requirements of Section  
1-54 372.005, establish by order an economic development project in a  
1-55 designated portion of the county, or, if the county determines it is  
1-56 in the best interests of the county, create a district by order only  
1-57 in an area located in the extraterritorial jurisdiction of a  
1-58 municipality in that county. If the county is a county described by  
1-59 Section 372.1011(2), the petition described by this subsection must  
1-60 also be approved by a resolution adopted by the municipality with a  
1-61 population of 1.1 million or more.

1-62 (b) For a county described by Section 372.1011(2), a  
1-63 district may only be created in an area containing at least 2,000  
1-64 contiguous acres of land that is located wholly or partly in the

2-1 extraterritorial jurisdiction of a municipality with a population  
2-2 of 1.1 million or more.

2-3 (c) [(b)] The order must:

2-4 (1) describe the territory in which the economic  
2-5 development project is to be located or the boundaries of a  
2-6 district;

2-7 (2) specifically authorize the district to exercise  
2-8 the powers of this subchapter if the county has determined that  
2-9 creating a district is in the county's best interests; and

2-10 (3) state whether the petition requests improvements  
2-11 to be financed and paid for with taxes authorized by this subchapter  
2-12 instead of or in addition to assessments.

2-13 SECTION 5. Sections 372.126(a) and (c), Local Government  
2-14 Code, are amended to read as follows:

2-15 (a) A district may not issue bonds unless approved by the  
2-16 commissioners court of the county that created the district. Bonds  
2-17 [If the population in the district is more than 1,000, the bonds]  
2-18 may not be issued unless approved by a majority of the voters of the  
2-19 district voting in an election held for that purpose. A bond  
2-20 election under this subsection does not affect prior bond issuances  
2-21 and is not required for refunding bond issuances.

2-22 (c) If the commissioners court grants approval under this  
2-23 section, bonds, notes, and other district obligations may be  
2-24 secured by district revenue or any type of district taxes or  
2-25 assessments, or any combination of taxes and revenue pledged to the  
2-26 payment of bonds.

2-27 SECTION 6. Section 372.130, Local Government Code, is  
2-28 amended by amending Subsection (b) and adding Subsections (c) and  
2-29 (d) to read as follows:

2-30 (b) Except as otherwise provided in this subchapter, a sales  
2-31 and use tax must be imposed in accordance with Chapter 383, Local  
2-32 Government Code, or [and] Chapter 323, Tax Code.

2-33 (c) The ballot for a sales tax election shall be printed to  
2-34 provide for voting for or against the proposition: "A sales and use  
2-35 tax at a rate not to exceed \_\_\_\_\_ [insert percentage rate] in the  
2-36 \_\_\_\_\_ [insert name of district]" or "The adoption of a \_\_\_\_\_ [insert  
2-37 percentage rate] sales and use tax in the \_\_\_\_\_ [insert name of  
2-38 district]."

2-39 (d) A tax authorized at an election held under this section  
2-40 may be imposed at a rate less than or equal to the rate printed in  
2-41 the ballot proposition.

2-42 SECTION 7. Section 372.101(b), Local Government Code, is  
2-43 repealed.

2-44 SECTION 8. (a) All acts and proceedings related to the  
2-45 authorization of any taxes or bonds, including acts and proceedings  
2-46 related to an election, by a district created under Subchapter C,  
2-47 Chapter 372, Local Government Code, before the effective date of  
2-48 this Act are validated, ratified, and confirmed in all respects as  
2-49 if the acts and proceedings occurred as authorized by law.

2-50 (b) This section does not apply to any matter that on the  
2-51 effective date of this Act:

2-52 (1) is involved in litigation if the litigation  
2-53 ultimately results in the matter being held invalid by a final court  
2-54 judgment; or

2-55 (2) has been held invalid by a final court judgment.

2-56 SECTION 9. This Act takes effect immediately if it receives  
2-57 a vote of two-thirds of all the members elected to each house, as  
2-58 provided by Section 39, Article III, Texas Constitution. If this  
2-59 Act does not receive the vote necessary for immediate effect, this  
2-60 Act takes effect September 1, 2007.

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