

AN ACT

relating to the issuance of bonds by a municipality for a defined area in an abolished municipal utility district; authorizing a tax.

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

SECTION 1. Subtitle A, Title 4, Local Government Code, is amended by adding Chapter 108 to read as follows:

CHAPTER 108. MUNICIPAL BONDS FOR CERTAIN DEFINED AREAS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 108.001. DEFINITION. In this chapter, "defined area" means a defined area created by a municipal utility district under Subchapter J, Chapter 54, Water Code.

Sec. 108.002. APPLICATION OF CHAPTER. This chapter applies only to a municipality that under Section 43.075 or any other law abolishes a municipal utility district created under Section 59, Article XVI, Texas Constitution, that contains a defined area.

Sec. 108.003. CONFLICT WITH OTHER LAWS. To the extent of a conflict between this chapter and any other law, including Subchapter A, Chapter 372, this chapter controls.

[Sections 108.004-108.050 reserved for expansion]

SUBCHAPTER B. BONDS USED TO CARRY OUT PURPOSES OF DEFINED AREA IN ABOLISHED MUNICIPAL UTILITY DISTRICT

Sec. 108.051. BONDS ORIGINALLY AUTHORIZED IN ABOLISHED MUNICIPAL UTILITY DISTRICT; PROPERTY TAXES. (a) If, before its abolition, a municipal utility district voted to issue bonds

1 secured by property taxes for a defined area under Section 54.806,
2 Water Code, and if some or all of the bonds were not issued, sold,
3 and delivered before the abolition, the governing body of the
4 municipality that abolished the district may issue and sell
5 municipal bonds:

6 (1) in an amount not to exceed the amount of the
7 unissued district bonds approved by the voters; and

8 (2) for the purpose of carrying out the purposes for
9 which the district bonds were voted.

10 (b) The bonds are issued under the authority under which
11 they were voted, particularly Section 59, Article XVI, Texas
12 Constitution. The bonds must be secured by a tax under the
13 authority under which they were voted, particularly a tax on the
14 property in the defined area of the abolished district.

15 (c) The bonds must be authorized by ordinance of the
16 governing body of the municipality. The ordinance must provide for
17 the levy of taxes on all taxable property in the defined area of the
18 abolished district to pay the principal of and interest on the bonds
19 when due.

20 Sec. 108.052. BONDS AUTHORIZED UNDER PUBLIC IMPROVEMENT
21 DISTRICT; ASSESSMENTS. (a) If, before its abolition, a municipal
22 utility district voted to issue bonds secured by property taxes for
23 a defined area under Section 54.806, Water Code, and if some or all
24 of the bonds were not issued, sold, and delivered before the
25 abolition, the governing body of the municipality that abolished
26 the district may, on its own motion, establish a public improvement
27 district under Subchapter A, Chapter 372, for the purpose of

1 issuing and selling municipal bonds:

2 (1) in an amount not to exceed the amount of the
3 unissued district bonds approved by the voters; and

4 (2) for the purpose of carrying out the purposes for
5 which the district bonds were voted, including the cost of
6 facilities constructed after creation of the defined area in
7 accordance with the plan for improvements adopted by the board of
8 directors of the abolished district.

9 (b) A municipality that establishes a public improvement
10 district under this section may:

11 (1) enter into agreements with developers of property
12 in the public improvement district for the construction,
13 acquisition, expansion, improvement, or extension of improvements
14 in the public improvement district;

15 (2) reimburse a developer for the costs of the
16 improvements through assessments payable in installments on
17 property in the public improvement district;

18 (3) pledge any type of assessment, including
19 installment assessments, levied against property in the public
20 improvement district as security for bonds and agreements; and

21 (4) structure the assessments in any manner determined
22 by the governing body of the municipality.

23 (c) In structuring an assessment under this section, the
24 municipality may include in the assessment:

25 (1) a coverage factor;

26 (2) any prepayment dates;

27 (3) terms or amounts; and

1 (4) any other methodology or amounts determined
2 necessary or convenient by the governing body of the municipality.

3 (d) Any bonds issued by the municipality under this section
4 must be authorized by ordinance of the governing body of the
5 municipality and shall provide for the collection of the
6 assessments as authorized by Subchapter A, Chapter 372, and this
7 chapter.

8 (e) The bonds may be payable in installments, as determined
9 by the governing body of the municipality, against the property in
10 the defined area.

11 (f) The municipality may use the bonds to:

12 (1) pay or reimburse a developer for public
13 improvements in the public improvement district under a development
14 or other agreement with the developer;

15 (2) pay the principal of and interest on the bonds when
16 due; or

17 (3) pay any combination of purposes described by
18 Subdivisions (1) and (2).

19 Sec. 108.053. PLEDGES TO SECURE BONDS. The municipality
20 may further pledge any available funds to secure the bonds,
21 including taxes or other revenue.

22 Sec. 108.054. CHOICE OF LAWS. (a) A municipality may
23 exercise powers under Section 108.051 or 108.052, but may not
24 exercise powers under both sections for the same defined area.

25 (b) A municipality that exercises powers under Section
26 108.051 or 108.052 to reimburse a developer's infrastructure costs
27 in a defined area shall not be required to provide payment to the

1 developer under Section 43.0715.

2 Sec. 108.055. CONFLICT WITH MUNICIPAL CHARTER. This
3 subchapter prevails over a municipal charter provision to the
4 extent of a conflict with this subchapter.

5 Sec. 108.056. EFFECT ON OTHER MUNICIPAL BONDS. This
6 subchapter does not affect the authority of a municipality to issue
7 bonds for other purposes.

8 SECTION 2. Chapter 108, Local Government Code, as added by
9 this Act, applies to a municipal utility district abolished, or a
10 district vote to issue bonds that occurred, before, on, or after the
11 effective date of this Act.

12 SECTION 3. This Act takes effect immediately if it receives
13 a vote of two-thirds of all the members elected to each house, as
14 provided by Section 39, Article III, Texas Constitution. If this
15 Act does not receive the vote necessary for immediate effect, this
16 Act takes effect September 1, 2007.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1535 passed the Senate on April 16, 2007, by the following vote: Yeas 30, Nays 0; and that the Senate concurred in House amendment on May 25, 2007, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1535 passed the House, with amendment, on May 23, 2007, by the following vote: Yeas 144, Nays 0, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor