

By: Watson

S.B. No. 1688

A BILL TO BE ENTITLED

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AN ACT

relating to the creation, powers, and duties of a transportation infrastructure services district created by a municipality; imposing taxes and authorizing bonds.

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

SECTION 1. Subtitle I, Title 6, Transportation Code, is amended by adding Chapter 432 to read as follows:

CHAPTER 432. TRANSPORTATION INFRASTRUCTURE SERVICES DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 432.001. DEFINITIONS. In this chapter:

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

(2) "Bond" has the meaning assigned to "public security" by Section 1201.002(2), Government Code.

(3) "District" means a transportation infrastructure services district.

(4) "Principal municipality" means the most populous municipality in a county.

Sec. 432.002. NATURE OF DISTRICT. A district is a special district and a political subdivision of this state created under Section 59, Article XVI, Texas Constitution.

Sec. 432.003. PURPOSE; DECLARATION OF INTENT. The creation of a 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) The creation of each district is necessary to ensure  
2 that necessary infrastructure services are provided to areas  
3 abutting controlled access highways in order to effectively  
4 promote, develop, encourage, and maintain employment, commerce,  
5 economic development, and the public welfare in those areas  
6 abutting controlled access highways.

7       (c) All of the land and other property to be included within  
8 the boundaries of a district will be benefited by the works and  
9 projects that are to be accomplished and the services to be provided  
10 by the district under powers conferred by Article III, Section 52,  
11 Article XVI, Section 59, and Article III, Section 52-a, of the Texas  
12 Constitution and other powers granted under this chapter.

13       (d) A district is created to serve a public use and benefit.

14       (e) The creation of a district is in furtherance of a  
15 legislative program for and is essential to the public purposes of  
16 safe, reliable, and adequate transportation systems, development  
17 and diversification of the economy of the state, the elimination of  
18 unemployment and underemployment, and the development or expansion  
19 of transportation and commerce and is in the public interest.

20       (f) The present and prospective traffic congestion in areas  
21 abutting controlled access highways, the need to plan for, manage,  
22 and control traffic and provide for the safety of pedestrians in  
23 those areas, and the limited availability of funds require the  
24 promotion and development of transportation infrastructure by new  
25 and alternative means, and a district will serve the public purpose  
26 of securing adequate infrastructure that is safe and will benefit  
27 not only the land and property in the district, but also the

1 employees, employers, and consumers of the district and the general  
2 public.

3 (g) A district will not act as the agent or instrumentality  
4 of any private interests even though many private interests will be  
5 benefited by the district, as will the general public.

6 Sec. 432.004. CONSTRUCTION OF CHAPTER. This chapter shall  
7 be liberally construed in conformity with the purposes of this  
8 chapter.

9 [Sections 432.005-432.050 reserved for expansion]

10 SUBCHAPTER B. CREATION OF DISTRICT

11 Sec. 432.051. AREAS ELIGIBLE FOR CREATION OF DISTRICT.

12 (a) A district may be created only in an area located:

13 (1) entirely in a county with a population of less than  
14 1.3 million in which the principal municipality has a population of  
15 600,000 or more;

16 (2) within five miles on either side of the center line  
17 of a controlled access highway that passes through the  
18 extraterritorial jurisdiction or corporate limits of the principal  
19 municipality;

20 (3) outside the extraterritorial jurisdiction of a  
21 municipality other than the principal municipality; and

22 (4) inside the extraterritorial jurisdiction of the  
23 principal municipality.

24 (b) A district created under this chapter may encompass all  
25 or part of the area described by Subsection (a)

26 (c) The area is not required to be immediately adjacent to a  
27 controlled access highway.

1       Sec. 432.052. HEARINGS. (a) Not earlier than the 60th day  
2 or later than the 30th day before the date the governing body of the  
3 principal municipality creates the district under Section 432.053,  
4 the governing body must hold two hearings to consider the creation  
5 of the proposed district.

6       (b) Not later than the seventh day before the date of each  
7 hearing, the principal municipality must publish notice of the  
8 hearing in a newspaper of general circulation in the area of the  
9 proposed district.

10       (c) The notice must state:

11           (1) the date, time, and place for the hearing;

12           (2) the boundaries of the proposed district, including  
13 a map of the proposed district;

14           (3) the powers of the proposed district, including the  
15 power to impose assessments and ad valorem taxes; and

16           (4) the imposition of a sales and use tax.

17       Sec. 432.053. CREATION BY ORDINANCE. (a) The governing  
18 body of the principal municipality by ordinance may create a  
19 district.

20       (b) The ordinance must:

21           (1) describe the district's boundaries; and

22           (2) name the district the "(insert name)  
23 Transportation Infrastructure Services District".

24       Sec. 432.054. MISTAKE IN BOUNDARY DESCRIPTION. If in the  
25 ordinance a mistake is made in the field notes or in copying the  
26 field notes of the boundaries of a district, the mistake does not  
27 affect:

1           (1) the organization, existence, and validity of the  
2 district;

3           (2) the right of the district to issue any type of  
4 bonds or refunding bonds for the purposes for which the district is  
5 created or to pay the principal of and interest on the bonds;

6           (3) the right of the district to levy and collect  
7 assessments, fees, or taxes; or

8           (4) the legality or operation of the district or its  
9 governing body.

10           Sec. 432.055. AUTOMATIC LIMITED-PURPOSE ANNEXATION.

11 (a) On creation of the district, the area in the district is  
12 annexed to the principal municipality under Subchapter F, Chapter  
13 43, Local Government Code, for limited purposes of applying  
14 planning, zoning, health, and safety ordinances without further  
15 action by the principal municipality. The principal municipality  
16 must adopt a regulatory plan not later than the 90th day after the  
17 date the district is created.

18           (b) The deadline imposed by Section 43.123(d)(2) does not  
19 apply to a limited-purpose annexation under this section. The  
20 principal municipality shall annex the area for full purposes not  
21 later than the fifteenth anniversary of the date the district is  
22 created.

23           Sec. 432.056. ADVISORY COMMITTEE. The principal  
24 municipality may not impose a change in its planning or zoning  
25 ordinances that apply to the area in a district unless the governing  
26 body of the principal municipality appoints an advisory committee  
27 consisting of representatives of a broad cross-section of the

1 commercial interests and residents of the district as determined by  
2 the governing body. The advisory committee shall review all  
3 proposed changes by the principal municipality to its planning and  
4 zoning ordinances that would apply to the area in a district. If  
5 the advisory committee does not recommend that the principal  
6 municipality adopt the proposed changes, the principal  
7 municipality may not impose the changes without a public hearing  
8 noticed and conducted in the manner provided by Section 432.052.

9 Sec. 432.057. ANNEXATION OF DISTRICT TERRITORY BY PRINCIPAL  
10 MUNICIPALITY. (a) The principal municipality may annex all or  
11 part of the territory located in the district under Subchapter C-1,  
12 Chapter 43, Local Government Code.

13 (b) Except as provided by Section 432.217(d), full-purpose  
14 annexation of an area in the district does not affect the operation  
15 of the district in the area that is not annexed.

16 [Sections 432.058-432.100 reserved for expansion]

17 SUBCHAPTER C. BOARD OF DIRECTORS

18 Sec. 432.101. GOVERNING BODY. (a) The governing body of  
19 the principal municipality serves the board of directors of the  
20 district.

21 (b) The board is responsible for the management, operation,  
22 and control of the district and property belonging to the district.

23 Sec. 432.102. OFFICERS. The presiding officer of the  
24 governing body of the principal municipality serves as the  
25 presiding officer of the board. The board may elect an assistant  
26 presiding officer to preside in the absence of the presiding  
27 officer or when there is a vacancy in that office. The board may

1 elect other officers as it considers appropriate.

2 Sec. 432.103. COMPENSATION; EXPENSES. A director serves  
3 without compensation or reimbursement of expenses.

4 [Sections 432.105-432.150 reserved for expansion]

5 SUBCHAPTER D. POWERS AND DUTIES

6 Sec. 432.151. GENERAL POWERS AND DUTIES. (a) A district  
7 shall have the functions, powers, authority, rights, and duties  
8 which will permit accomplishment of the purposes for which it was  
9 created or the purposes authorized by the constitution, this code,  
10 or any other law.

11 (b) A district is authorized to purchase, construct,  
12 acquire, own, operate, maintain, repair, improve, or extend inside  
13 and outside its boundaries any and all works, improvements,  
14 facilities, plants, equipment, and appliances necessary to  
15 accomplish the purposes of the district authorized by the  
16 constitution, this code, or other law, including all works,  
17 improvements, facilities, plants, equipment, and appliances  
18 incident, helpful, or necessary to:

19 (1) acquire a road facility, acquire property for a  
20 road facility, and construct or improve a road facility, inside or  
21 outside district boundaries as necessary to ensure an adequate  
22 transportation infrastructure;

23 (2) provide financing for a road facility or for  
24 construction, acquisition, or improvement of a road facility from  
25 money available to the district under this chapter;

26 (3) supply water for municipal uses, domestic uses,  
27 power, and commercial purposes and all other beneficial uses or

1 controls;

2 (4) collect, transport, process, dispose of, and  
3 control all domestic, industrial, or communal wastes whether in  
4 fluid, solid, or composite state;

5 (5) gather, conduct, divert, and control local storm  
6 water or other local harmful excesses of water in a district;

7 (6) irrigate the land in a district;

8 (7) alter land elevation in a district where it is  
9 needed;

10 (8) reimburse a private entity for money spent to  
11 construct a road or any other improvement the district may make  
12 under this chapter that has been or will be dedicated or otherwise  
13 transferred to public use, or purchase a road or any other  
14 improvement the district may make under this chapter that has been  
15 or will be constructed by a private entity, regardless of whether  
16 the construction occurs before or after the creation of the  
17 district; and

18 (9) exercise other powers and duties to accomplish the  
19 purposes for which the district was created.

20 Sec. 432.152. SPECIFIC POWERS RELATED TO DRAINAGE. (a) A  
21 district may adopt:

22 (1) a master drainage plan, including rules relating  
23 to the plan and design criteria for drainage channels, facilities,  
24 and flood control improvements;

25 (2) rules for construction activity to be conducted  
26 within the district that:

27 (A) reasonably relate to providing adequate



1 drainage or flood control; and

2 (B) use generally accepted engineering criteria;  
3 and

4 (3) reasonable procedures to enforce rules adopted by  
5 the district under this subsection.

6 (b) If a district adopts a master drainage plan, the  
7 district may adopt rules relating to review and approval of  
8 proposed drainage plans submitted by property developers. The  
9 district, by rule, may require that a property developer who  
10 proposes to subdivide land located in the district, and who is  
11 otherwise required to obtain approval of the plat of the proposed  
12 subdivision from a municipality or county, submit for district  
13 approval a drainage report for the subdivision. The drainage  
14 report must include a map containing a description of the land to be  
15 subdivided. The map must show an accurate representation of:

16 (1) any existing drainage features, including  
17 drainage channels, streams, flood control improvements, and other  
18 facilities;

19 (2) any additional drainage facilities or connections  
20 to existing drainage facilities proposed by the property  
21 developer's plan for the subdivision; and

22 (3) any other parts of the property developer's plan  
23 for the subdivision that may affect drainage.

24 (c) The district shall review each drainage report  
25 submitted to the district under this section and shall approve a  
26 report if it shows compliance with:

27 (1) the requirements of this section;

1           (2) the district's master drainage plan adopted under  
2 this section; and

3           (3) the rules adopted by the district under this  
4 section.

5           (d) On or before the 30th day after the date a drainage  
6 report is received, the district shall send notice of the  
7 district's approval or disapproval of the drainage report to:

8                 (1) the property developer; and

9                 (2) each municipal or county authority with  
10 responsibility for approving the plat of the proposed subdivision.

11           (e) If the district disapproves a drainage report, the  
12 district shall include in the notice of disapproval a written  
13 statement:

14                 (1) explaining the reasons for the rejection; and

15                 (2) recommending changes, if possible, that would make  
16 a revised version of the drainage report acceptable for approval.

17           Sec. 432.153. OTHER SPECIFIC POWERS. (a) A district has  
18 the powers necessary or convenient to carry out and effect the  
19 purposes and provisions of this chapter, including the powers  
20 granted in this section.

21                 (b) A district has perpetual succession.

22                 (c) A district may sue and be sued in courts of competent  
23 jurisdiction, may institute and prosecute suits without giving  
24 security for costs, and may appeal from a judgment without giving  
25 supersedeas or cost bond.

26                 (d) A district may incur liabilities, borrow money on terms  
27 and conditions the board determines, and issue notes, bonds, or

1 other obligations.

2 (e) A district may acquire by grant, purchase, gift, devise,  
3 lease, or otherwise, and may hold, use, sell, lease, or dispose of  
4 real and personal property, and licenses, patents, rights, and  
5 interests necessary, convenient, or useful for the full exercise of  
6 any of its powers under this chapter.

7 (f) A district may acquire, construct, complete, develop,  
8 own, operate, and maintain permanent improvements and provide  
9 services inside and outside its boundaries.

10 (g) A district may enter into agreements with a person or  
11 entity, public or private, for the joint use of facilities,  
12 installations, and property.

13 (h) A district may establish and maintain reasonable and  
14 nondiscriminatory rates, fares, charges, rents, or other fees or  
15 compensation for the use of the improvements constructed, operated,  
16 or maintained by the district, except that the district may not  
17 impose a toll on a road that is constructed in whole or in part with  
18 district funds.

19 (i) A district may enter into credit agreements pursuant to  
20 Chapter 1371, Government Code.

21 (j) A district may act jointly with any other person or  
22 entity, private or public, whether within the State of Texas or the  
23 United States, in the performance of any of the powers and duties  
24 permitted by this code or any other laws.

25 (k) A district may enter contracts, leases, and agreements  
26 with and accept grants and loans from the United States and its  
27 departments and agencies, the state and its agencies, counties,

1 municipalities, and political subdivisions, including the  
2 principal municipality, public or private corporations, including  
3 a nonprofit corporation created under a resolution of the board,  
4 and other persons and may perform all acts necessary for the full  
5 exercise of the powers vested in it on terms and conditions and for  
6 the term the board may determine to be advisable.

7 (l) A district may acquire property under conditional sales  
8 contracts, leases, equipment trust certificates, or any other form  
9 of contract or trust agreement.

10 (m) A district may sell, lease, convey, or otherwise dispose  
11 of any of its rights, interests, or properties that are not needed  
12 for or, in the case of leases, that are not inconsistent with the  
13 efficient operation and maintenance of the district's  
14 improvements. A district may sell, lease, or otherwise dispose of  
15 any surplus material or personal or real property not needed for its  
16 requirements or for the purpose of carrying out its powers under  
17 this chapter.

18 (n) A district may purchase, construct, acquire, own,  
19 operate, repair, improve, or extend all works, improvements,  
20 facilities, plants, equipment, and appliances necessary to provide  
21 any services or facilities authorized to be provided by the  
22 district to areas contiguous to or in the vicinity of the district  
23 provided the district does not duplicate a service or facility of  
24 another public entity. A district providing potable water and  
25 sewer utility services to household users shall not provide  
26 services or facilities to serve areas outside the district that are  
27 also within the corporate limits of a city without securing a

1 resolution or ordinance of the city granting consent for the  
2 district to serve the area within the city.

3 (o) A district shall not be required to hold a certificate  
4 of convenience and necessity as a precondition for providing retail  
5 water or sewer service to any customer or service area,  
6 notwithstanding the fact that such customer or service area may be  
7 located either within or outside the boundaries of the district or  
8 has previously received water or sewer service from an entity  
9 required by law to hold a certificate of convenience and necessity  
10 as a precondition for such service. This subsection does not  
11 authorize a district to provide services within an area for which a  
12 retail public utility holds a certificate of convenience and  
13 necessity or within the boundaries of another district without the  
14 consent of the governing body of the utility or the other district,  
15 unless the district has a valid certificate of convenience and  
16 necessity to provide services to that area.

17 (p) A district may lease projects or any part of a project to  
18 or contract for the use or operation of the projects or any part of a  
19 project by any operator.

20 (q) A district may conduct hearings and take testimony and  
21 proof, under oath or affirmation, at public hearings, on any matter  
22 necessary to carry out the purposes of this chapter.

23 (r) A district may procure and pay premiums to insurers for  
24 insurance of any type in amounts considered necessary or advisable  
25 by the board.

26 (s) A district has the economic development powers of a  
27 municipality under Chapter 380, Local Government Code.

1       (t) A district may do anything necessary, convenient, or  
2 desirable to carry out the powers expressly granted or implied by  
3 this chapter.

4       Sec. 432.154. EMPLOYEES. The board may employ and  
5 compensate persons for district purposes. An employee of another  
6 public entity may serve as an officer or employee of the district if  
7 the person does not receive any additional compensation for service  
8 as a district officer or employee. That person may be reimbursed  
9 for a reasonable and necessary expense incurred in the performance  
10 of any duties for the district.

11       Sec. 432.155. NO EMINENT DOMAIN POWER. A district may not  
12 exercise the power of eminent domain.

13       [Sections 432.156-432.200 reserved for expansion]

14               SUBCHAPTER F. FINANCIAL PROVISIONS

15       Sec. 432.201. GENERAL POWERS RELATING TO ASSESSMENTS. In  
16 addition to the powers provided by Subchapter E, the board of a  
17 district may undertake improvement projects and services that  
18 confer a special benefit on all or a definable part of the district.  
19 The board may levy and collect special assessments on property in  
20 that area, based on the benefit conferred by the improvement  
21 project or services, to pay all or part of the cost of the project  
22 and services. If the board determines that there is a benefit to  
23 the district, the district may provide improvements and services to  
24 an area outside the boundaries of the district.

25       Sec. 432.202. SPECIFIC POWERS RELATING TO ASSESSMENTS.

26       (a) An improvement project or services provided by the district  
27 may include the construction, acquisition, improvement,

1 relocation, operation, maintenance, or provision of:

2 (1) lighting; streets and sidewalks; pedestrian  
3 skywalks, crosswalks, and tunnels; drainage and navigation  
4 improvements; pedestrian malls; solid waste, water, sewer, and  
5 power facilities, including electrical, gas, steam, cogeneration,  
6 and chilled water facilities; off-street parking facilities, bus  
7 terminals, and heliports; and the cost of any demolition in  
8 connection with providing any of the improvement projects;

9 (2) other improvements similar to those described in  
10 Subdivision (1);

11 (3) the acquisition of real property or any interest  
12 in real property in connection with an improvement, project, or  
13 services authorized by this chapter;

14 (4) special supplemental services for health and  
15 sanitation, public safety, maintenance, security, or elimination  
16 or relief of traffic congestion; and

17 (5) expenses incurred in the establishment,  
18 administration, maintenance, and operation of the district or any  
19 of its improvements, projects, or services.

20 (b) An improvement project on two or more streets or two or  
21 more types of improvements may be included in one proceeding and  
22 financed as one improvement project.

23 Sec. 432.203. PROPOSED ASSESSMENTS. Services or  
24 improvement projects may be financed under this chapter after a  
25 hearing notice given as required by this subchapter and a public  
26 hearing by the board on the advisability of the improvements and  
27 services and the proposed assessments.

1       Sec. 432.204. NOTICE OF HEARING. (a) Notice of the  
2 hearing shall be given in a newspaper with general circulation in  
3 the county in which the district is located. The final publication  
4 must be made not later than the 30th day before the date of the  
5 hearing.

6       (b) The notice must include:

7           (1) the time and place of the hearing;

8           (2) the general nature of the proposed improvement  
9 project or services;

10          (3) the estimated cost of the improvement, including  
11 interest during construction and associated financing costs; and

12          (4) the proposed method of assessment.

13       (c) Written notice containing the information required by  
14 Subsection (b) shall be mailed by certified mail, return receipt  
15 requested, not later than the 30th day before the date of the  
16 hearing. The notice shall be mailed to each property owner in the  
17 district who will be subject to assessment at the current address of  
18 the property to be assessed as reflected on the tax rolls.

19       Sec. 432.205. CONCLUSION OF HEARING; FINDINGS. (a) A  
20 hearing on the services or improvement project, whether conducted  
21 by the board or a hearings examiner, may be adjourned from time to  
22 time.

23       (b) At the conclusion of the hearing, the board shall make  
24 findings by resolution or order relating to the advisability of the  
25 improvement project or services, the nature of the improvement  
26 project or services, the estimated cost, the area benefited, the  
27 method of assessment, and the method and time for payment of the



1 assessment.

2 (c) If a hearings examiner is appointed to conduct the  
3 hearing, after conclusion of the hearing, the hearings examiner  
4 shall file with the board a report stating the examiner's findings  
5 and conclusions.

6 Sec. 432.206. AREA TO BE ASSESSED. (a) The area of the  
7 district to be assessed according to the findings of the board may  
8 be the entire district or any part of the district and may be less  
9 than the area proposed in the notice of the hearing.

10 (b) Except as provided by Subsection (c), the area to be  
11 assessed may not include property that is not within the district  
12 boundaries at the time of the hearing unless there is an additional  
13 hearing, preceded by the required notice.

14 (c) The owner of improvements constructed or land annexed to  
15 the district after the district has imposed assessments may waive  
16 the right to notice and an assessment hearing and may agree to the  
17 imposition and payment of assessments at an agreed rate for  
18 improvements constructed or land annexed to the district.

19 Sec. 432.207. OBJECTIONS; LEVY OF ASSESSMENT. (a) At a  
20 hearing on proposed assessments, at any adjournment of the hearing,  
21 or after consideration of the hearings examiner's report, the board  
22 shall hear and rule on all objections to each proposed assessment.

23 (b) The board may amend proposed assessments for any parcel.

24 (c) After all objections have been heard and action has been  
25 taken with regard to those objections, the board, by order or  
26 resolution, shall levy the assessments as special assessments on  
27 the property and shall specify the method of payment of the

1 assessments and may provide that those assessments be paid in  
2 periodic installments, including interest.

3 (d) Periodic installments must be in amounts sufficient to  
4 meet annual costs for services and improvements as provided by  
5 Section 423.208 and continue for the number of years required to  
6 retire indebtedness or pay for the services to be rendered. The  
7 board may provide interest charges or penalties for failure to make  
8 timely payment and also may levy an amount to cover delinquencies  
9 and expenses of collection.

10 (e) If assessments are levied for more than one service or  
11 improvement project, the board may provide that assessments  
12 collected for one service or improvement project may be borrowed to  
13 be used for another service or improvement project.

14 (f) The board shall establish a procedure for the  
15 distribution or use of any assessments in excess of those necessary  
16 to finance the services or improvement project for which those  
17 assessments were collected.

18 Sec. 432.208. APPORTIONMENT OF COST. The portion of the  
19 cost of an improvement project or services to be assessed against  
20 the property in the district shall be apportioned by the board based  
21 on the special benefits accruing to the property because of the  
22 improvement project or services. The cost may be assessed:

23 (1) equally by front foot or by square foot of land  
24 area against all property in the district;

25 (2) against property according to the value of the  
26 property as determined by the board, with or without regard to  
27 structures or other improvements on the property; or

1           (3) on any other reasonable assessment plan that  
2 results in imposing fair and equitable shares of the cost on  
3 property similarly benefited.

4           Sec. 432.209. ASSESSMENT ROLL. If the total cost of an  
5 improvement project or services is determined, the board shall levy  
6 the assessments against each parcel of land against which an  
7 assessment may be levied in the district. With regard to an  
8 assessment for services, the board may levy an annual assessment  
9 that may be lower but not higher than the initial assessment. The  
10 board shall have an assessment roll prepared showing the  
11 assessments against each property and the board's basis for the  
12 assessment. The assessment roll shall be filed with the secretary  
13 of the board or other officer who performs the function of secretary  
14 and be open for public inspection.

15           Sec. 432.210. INTEREST ON ASSESSMENTS; LIEN.

16 (a) Assessments bear interest at a rate specified by the board  
17 that may not exceed the interest rate permitted by Chapter 1204,  
18 Government Code.

19           (b) Interest on an assessment between the effective date of  
20 the order or resolution levying the assessment and the date the  
21 first installment and any related penalty is payable shall be added  
22 to the first installment. The interest or penalties on all unpaid  
23 installments shall be added to each subsequent installment until  
24 paid.

25           (c) An assessment or any reassessment and any interest and  
26 penalties on that assessment or reassessment is a lien against the  
27 property until it is paid.

1       (d) The owner of any property assessed may pay at any time  
2 the entire assessment against any lot or parcel with accrued  
3 interest to the date of the payment.

4       Sec. 432.211. SUPPLEMENTAL ASSESSMENTS. After notice and  
5 hearing in the manner required for original assessments, the board  
6 may make supplemental assessments to correct omissions or mistakes  
7 in the assessment:

8           (1) relating to the total cost of the improvement  
9 project or services; or

10           (2) covering delinquencies or costs of collection.

11       Sec. 432.212. APPEAL. (a) After determination of an  
12 assessment, a property owner may appeal the assessment to the  
13 board. The property owner must file a notice of appeal with the  
14 board not later than the 30th day after the date that the assessment  
15 is adopted. The board shall set a date to hear the appeal.

16       (b) The property owner may appeal the board's decision on  
17 the assessment to a court of competent jurisdiction. The property  
18 owner must file notice of the appeal with the court of competent  
19 jurisdiction not later than the 30th day after the date of the  
20 board's final decision with respect to the assessment.

21       (c) Failure to file either of the notices in the time  
22 required by this section results in a loss of the right to appeal  
23 the assessment.

24       (d) If an assessment against a parcel of land is set aside by  
25 a court of competent jurisdiction, found excessive by the board, or  
26 determined to be invalid by the board, the board may make a  
27 reassessment or new assessment of the parcel.

1       Sec. 432.213. APPEAL OF ORDER. A person against whom an  
2 assessment is made by board order may appeal the assessment to a  
3 district court in the county in which the district is located in the  
4 manner provided for the appeal of contested cases under Chapter  
5 2001, Government Code. Review by the district court is by trial de  
6 novo.

7       Sec. 432.214. GOVERNMENTAL ENTITIES; ASSESSMENTS. Payment  
8 of assessments by municipalities, counties, other political  
9 subdivisions, and organizations exempt from federal income tax  
10 under Section 501(c)(3), Internal Revenue Code of 1986, shall be  
11 established by contract. Municipalities, counties, and other  
12 political subdivisions may contract with the district under terms  
13 and conditions those entities consider advisable to provide for the  
14 payment of assessments.

15       Sec. 432.215. IMPOSITION OF IMPACT FEES. (a) The board  
16 may impose impact fees to pay for the cost of providing improvements  
17 that the district is authorized to provide under this chapter.

18       (b) The board may provide for impact fees to be paid in  
19 periodic installments and may include an interest charge from the  
20 date the impact fees are imposed to the date the impact fees are  
21 paid.

22       (c) The board may provide interest charges and penalties for  
23 failure to make timely payment and also may levy an amount to cover  
24 delinquencies and expenses of collection.

25       Sec. 432.216. PROCEDURE FOR ADOPTING IMPACT FEES. Impact  
26 fees shall be adopted under the procedures provided by Chapter 395,  
27 Local Government Code.

1       Sec. 432.217. SALES AND USE TAX. (a) On creation of the  
2 district, there is imposed in the district a sales and use tax.

3       (b) The tax is imposed on the receipts from the sale at  
4 retail of taxable items in the district at the rate equal to the  
5 sales and use tax imposed by the principal municipality. Except as  
6 provided by Subsection (d), the tax rate changes to remain equal to  
7 the principal municipality's rate.

8       (c) Except as provided by this section, Chapter 321, Tax  
9 Code, governs the imposition, computation, administration,  
10 governance, and abolition of a tax imposed under this section.

11       (d) If any territory in the district is annexed by the  
12 principal municipality, both the principal municipality's and the  
13 district's sales and use tax applies in the annexed area. If the  
14 district's sales and use tax rate combined with any other sales and  
15 use tax applicable in the district exceeds two percent, the  
16 district's sales and use tax in the annexed area is abolished.

17       Sec. 432.218. AD VALOREM TAX AUTHORIZED; RATE. (a) The  
18 district is authorized to impose an ad valorem tax for any lawful  
19 purpose under this chapter.

20       (b) Notwithstanding any other provision of law, the  
21 district's tax rate may not exceed the rate of the ad valorem tax  
22 imposed by the principal municipality.

23       (c) The district shall publish notice and hold a hearing on  
24 the tax rate in the same manner as provided by Section 432.052.

25       (d) After the setting of the tax rate, the district is  
26 governed by the provisions of the Tax Code governing ad valorem  
27 taxes of home-rule municipalities.

1       (e) The initial tax rate does not take effect until the tax  
2 year beginning on a date after the first election for one or more  
3 members of the governing body at which residents of the district are  
4 entitled to vote for those members of the governing body under  
5 Section 43.130(a), Local Government Code.

6       Sec. 432.219. GENERAL OBLIGATION AND REVENUE BONDS. For  
7 the payment of all or part of the costs of an improvement project or  
8 services, the board may issue bonds in one or more series payable  
9 from and secured by ad valorem taxes, sales and use taxes,  
10 assessments, impact fees, revenues, grants, gifts, contracts,  
11 leases, or any combination of those funds. Bonds may be secured by  
12 liens on all or part of the revenue derived from improvements  
13 authorized under this chapter, including installment payments of  
14 special assessments or from any other source pledged to their  
15 payment.

16       Sec. 432.220. TERMS AND CONDITIONS OF BONDS. (a) Bonds  
17 may be issued to mature serially or otherwise not more than 40 years  
18 from their date of issue. Provision may be made for the subsequent  
19 issuance of additional parity bonds or subordinate lien bonds under  
20 terms or conditions that may be stated in the order or resolution  
21 authorizing the issuance of the bonds.

22       (b) The bonds are negotiable instruments within the meaning  
23 and for purposes of the Business & Commerce Code.

24       (c) The bonds may be issued registrable as to principal  
25 alone or as to both principal and interest, shall be executed, may  
26 be made redeemable before maturity, may be issued in the form,  
27 denominations, and manner and under the terms, conditions, and

1 details, may be sold in the manner, at the price, and under the  
2 terms, and shall bear interest at the rates determined and provided  
3 in the order or resolution authorizing the issuance of the bonds.

4 (d) Bonds may bear interest and may be issued in accordance  
5 with Chapters 1201, 1204, and 1371, Government Code, Subchapters  
6 A-C, Chapter 1207, Government Code, and Subchapter C, Chapter 271,  
7 Local Government Code.

8 (e) If provided by the bond order or resolution, the  
9 proceeds from the sale of bonds may be used to pay interest on the  
10 bonds during and after the period of the acquisition or  
11 construction of any improvement project to be provided through the  
12 issuance of the bonds, to administrative and operation expenses to  
13 create a reserve fund for the payment of the principal of and  
14 interest on the bonds, and to create any other funds. The proceeds  
15 of the bonds may be placed on time deposit or invested, until  
16 needed, in securities in the manner provided by the bond order or  
17 resolution.

18 Sec. 432.221. PLEDGES. (a) The board may pledge all or  
19 part of the income or assessments from improvement projects  
20 financed under this chapter or from any other source to the payment  
21 of the bonds, including the payment of principal, interest, and any  
22 other amounts required or permitted in connection with the bonds.  
23 The pledged income shall be set and collected in amounts that will  
24 be at least sufficient, with any other pledged resources, to  
25 provide for all payments of principal, interest, and any other  
26 amounts required in connection with the bonds and, to the extent  
27 required by the order or resolution authorizing the issuance of the



1 bonds, to provide for the payment of expenses in connection with the  
2 bonds and to pay operation, maintenance, and other expenses in  
3 connection with the improvement projects authorized under this  
4 chapter.

5 (b) Bonds may be additionally secured by a mortgage or deed  
6 of trust on real property relating to the facilities authorized  
7 under this chapter owned or to be acquired by the district and by  
8 chattel mortgages, liens, or security interests on personal  
9 property appurtenant to that real property. The board may  
10 authorize the execution of trust indentures, mortgages, deeds of  
11 trust, or other forms of encumbrance to evidence the indebtedness.

12 (c) The board may pledge to the payment of the bonds all or  
13 any part of any grant, donation, revenues, or income received or to  
14 be received from the United States government or any other public or  
15 private source.

16 Sec. 432.222. REFUNDING BONDS. (a) Bonds issued under  
17 this chapter may be refunded or otherwise refinanced by the  
18 issuance of refunding bonds under terms or conditions determined by  
19 order or resolution of the board. Refunding bonds may be issued in  
20 amounts necessary to pay the principal of and interest and  
21 redemption premium, if any, on bonds to be refunded, at maturity or  
22 on any redemption date, and to provide for the payment of costs  
23 incurred in connection with the refunding.

24 (b) The refunding bonds shall be issued in the manner  
25 provided by this chapter for other bonds.

26 Sec. 432.223. APPROVAL BY ATTORNEY GENERAL; REGISTRATION.

27 (a) The district shall submit bonds and the appropriate

1 proceedings authorizing their issuance to the attorney general for  
2 examination.

3 (b) If the bonds recite that they are secured by a pledge of  
4 assessments, impact fees, revenues, or rentals from a contract or  
5 lease, the district also shall submit to the attorney general a copy  
6 of the assessment procedures, impact fee procedures, contract, or  
7 lease and the proceedings relating to it.

8 (c) If the attorney general finds that the bonds have been  
9 authorized and any assessment, contract, or lease has been made in  
10 accordance with law, the attorney general shall approve the bonds  
11 and the assessment, impact fee, contract, or lease, and the bonds  
12 shall be registered by the comptroller.

13 (d) After approval and registration, the bonds and any  
14 assessment, impact fee, contract, or lease relating to them are  
15 incontestable in any court or other forum for any reason and are  
16 valid and binding obligations for all purposes in accordance with  
17 their terms.

18 Sec. 432.224. AUTHORIZED INVESTMENTS; SECURITY.

19 (a) District bonds are legal and authorized investments for:

20 (1) banks, trust companies, and savings and loan  
21 associations;

22 (2) insurance companies;

23 (3) fiduciaries, trustees, and guardians; and

24 (4) all interest and sinking funds and other public  
25 funds of the state and agencies, subdivisions, and  
26 instrumentalities of the state, including counties,  
27 municipalities, towns, villages, school districts, and all other

1 kinds and types of districts, public agencies, and bodies politic.

2 (b) District bonds are eligible and lawful security for  
3 deposits of counties, municipalities, towns, villages, school  
4 districts, and all other kinds and types of districts, public  
5 agencies, and bodies politic, to the extent of the market value of  
6 the bonds, when accompanied by any unmatured interest coupons  
7 appurtenant to the bonds.

8 Sec. 432.225. NO MUNICIPAL OBLIGATION. Except as provided  
9 by Section 432.253, the principal municipality is not obligated to  
10 pay any bonds, notes, or other obligations of the district.

11 Sec. 432.225. BONDS EXEMPT FROM TAXATION. Bonds issued  
12 under this chapter, the transfer of the bonds, and income from the  
13 bonds, including profits made on the sale of the bonds, are exempt  
14 from taxation in this state.

15 Sec. 432.226. CERTIFICATES OF OBLIGATION. The district may  
16 issue certificates of obligation in the manner provided by  
17 Subchapter C, Chapter 271, Local Government Code.

18 Sec. 432.227. APPLICATION OF OTHER LAW. Chapter 2007,  
19 Government Code, does not apply to a tax levied or fee or assessment  
20 adopted, imposed, or enforced by a district under this chapter or  
21 other law.

22 [Sections 432.228-432.250 reserved for expansion]

23 SUBCHAPTER G. DISSOLUTION

24 Sec. 432.251. DISSOLUTION BY PRINCIPAL MUNICIPALITY. After  
25 a hearing under Section 432.252, the governing body of the  
26 principal municipality may by resolution dissolve the district.

27 Sec. 432.252. HEARINGS. Before dissolution, the principal

1 municipality shall publish notice and hold a hearing on the  
2 proposed dissolution in the manner provided by Section 432.052.

3 Sec. 432.253. ASSUMPTION OF ASSETS, DEBTS. (a) On  
4 dissolution, the principal municipality assumes the assets, debts,  
5 and other obligations of the district.

6 (b) On dissolution, the principal municipality is  
7 authorized to use any sources of revenue available to the district  
8 under Section 432.219 to satisfy debt or other obligations of the  
9 district assumed by the principal municipality.

10 SECTION 2. The heading to Subtitle I, Title 6,  
11 Transportation Code, is amended to read as follows:

12 SUBTITLE. I. TRANSPORTATION CORPORATIONS AND  
13 INFRASTRUCTURE SERVICE DISTRICTS

14 SECTION 3. Section 43.052(h)(5), Local Government Code, is  
15 amended to read as follows:

16 (h) This section does not apply to an area proposed for  
17 annexation if:

18 (5) the area is annexed under Section 43.026, 43.027,  
19 43.029, 43.031, Local Government Code, or Subchapter B, Chapter  
20 432, Transportation Code;

21 SECTION 4. This Act takes effect immediately if it receives  
22 a vote of two-thirds of all the members elected to each house, as  
23 provided by Section 39, Article III, Texas Constitution. If this  
24 Act does not receive the vote necessary for immediate effect, this  
25 Act takes effect September 1, 2007.