

By: Nelson, et al.

S.B. No. 1693

Substitute the following for S.B. No. 1693:

By: Krusee

C.S.S.B. No. 1693

A BILL TO BE ENTITLED

AN ACT

relating to the creation of inland port authorities; providing authority to impose a tax and issue bonds.

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

SECTION 1. The Business & Commerce Code is amended by adding Title 15 to read as follows:

TITLE 15. CURRENCY AND TRADE

SUBTITLE A. CURRENCY

SUBTITLE B. PORT OF ENTRY AUTHORITIES

CHAPTER 672. INLAND PORT AUTHORITIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 672.001. DEFINITIONS. In this chapter:

(1) "Authority" means an inland port authority created under this chapter.

(2) "Board" means the board of directors of an authority.

(3) "Bond" includes a bond, certificate, note, or other obligation.

(4) "Inland port" means an area with direct access to highway, rail, air transport, or intermodal facilities but located away from traditional land and coastal borders.

(5) "Participating entity" means a municipality or county described by Section 672.052.

Sec. 672.002. NATURE OF INLAND PORT AUTHORITY. An

1 authority is a special district and a political subdivision of this
2 state created under Section 59, Article XVI, Texas Constitution.

3 Sec. 672.003. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a)

4 An authority is created to serve a public use and benefit.

5 (b) All land and other property to be included in an
6 authority will benefit from the works and projects to be provided by
7 the authority under powers conferred by Sections 52 and 52-a,
8 Article III, and Section 59, Article XVI, Texas Constitution, and
9 other powers granted under this chapter.

10 (c) The creation of the authority is in the public interest
11 and is essential to:

12 (1) further the public purposes of developing and
13 diversifying the economy of the state;

14 (2) promote homeland security and protection;

15 (3) eliminate unemployment and underemployment; and

16 (4) develop or expand transportation and commerce.

17 (d) This chapter furthers the public purposes of developing
18 and diversifying the economy of this state by encouraging the
19 establishment of inland ports to facilitate commerce through:

20 (1) strategic investment in multi-modal
21 transportation assets; and

22 (2) comprehensive planning, development, management,
23 and operation of facilities and supporting infrastructure for:

24 (A) transportation;

25 (B) commercial processing; and

26 (C) domestic and international trade.

27 (e) The authority will not act as the agent or

1 instrumentality of any private interest even though the authority
2 will benefit many private interests as well as the public.

3 [Sections 672.004-672.050 reserved for expansion]

4 SUBCHAPTER B. CREATION OF AUTHORITY

5 Sec. 672.051. AREAS ELIGIBLE FOR CREATION OF AUTHORITY.

6 (a) An authority may be created only in a contiguous area that:

7 (1) is located in not more than two adjacent counties;

8 (2) does not include property zoned for residential
9 use that comprises more than five percent of the total taxable
10 appraised value of real property in the authority's proposed
11 boundaries; and

12 (3) includes:

13 (A) a municipally owned airport with a runway at
14 least 4,900 feet in length;

15 (B) a portion of an interstate highway or a
16 highway designated as a high priority trade corridor on the
17 national highway system; and

18 (C) operating assets of at least one Class I
19 railroad as classified by the federal Surface Transportation Board.

20 (b) The contiguous area may not include any property for
21 which a participating entity has received written notice from the
22 property owner that the property owner elects to have the property
23 excluded from the authority. The notice must be received before the
24 authority is created.

25 Sec. 672.052. ELIGIBILITY OF ENTITY TO CREATE AN AUTHORITY.

26 A participating entity is eligible to create an authority if:

27 (1) the entity is wholly or partly located in the

1 authority's proposed boundaries; or

2 (2) the entity is a municipality that has
3 extraterritorial jurisdiction in the proposed boundaries of the
4 authority.

5 Sec. 672.053. PROPOSAL TO CREATE. (a) An authority is
6 proposed to be created when each participating entity:

7 (1) by order, ordinance, or resolution authorizes the
8 authority's creation; and

9 (2) executes an agreement to create and govern the
10 authority.

11 (b) The agreement creating the authority must:

12 (1) be approved as part of the order, ordinance, or
13 resolution; and

14 (2) specify the authority's powers under this chapter.

15 (c) The specified powers may limit but may not expand the
16 powers granted by this chapter.

17 Sec. 672.054. HEARINGS. (a) Not earlier than the 60th day
18 or later than the 30th day before the date the governing body of a
19 participating entity proposes to authorize creation of an authority
20 under Section 672.053(a), the governing body must hold two hearings
21 to consider the creation of the proposed authority.

22 (b) Not later than the seventh day before the date of each
23 hearing, the participating entity must publish notice of the
24 hearing in a newspaper of general circulation in the area of the
25 proposed authority.

26 (c) The notice must state:

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

1 (2) the boundaries of the proposed authority,
2 including a map of the proposed authority;

3 (3) the powers of the proposed authority, including
4 the power to impose assessments and ad valorem taxes; and

5 (4) that an owner of property wholly or partly in the
6 proposed boundaries of the district may elect to exclude the
7 property from the district by sending before the district's
8 creation written notice to a participating entity in which the
9 property is wholly or partly located.

10 (d) The required notice may be published, and the public
11 hearings may be conducted, jointly by a municipality and a county in
12 which the municipality is wholly or partly located.

13 Sec. 672.055. CREATION BY ORDER, ORDINANCE, OR RESOLUTION.

14 (a) After all hearings, the governing bodies of the participating
15 entities may by concurrent order, ordinance, or resolution and
16 execution of the agreement under Section 672.053 create an
17 authority.

18 (b) The agreement must:

19 (1) specify the number of authority directors and who
20 appoints the directors;

21 (2) describe the authority's boundaries; and

22 (3) name the authority the "(insert name) Inland Port
23 Authority."

24 [Sections 672.056-672.100 reserved for expansion]

25 SUBCHAPTER C. BOARD OF DIRECTORS; EMPLOYEES

26 Sec. 672.101. GOVERNING BODY. (a) The governing body of an
27 authority is a board of directors with an odd number of directors

1 agreed to by the participating entities when creating the
2 authority. The board is composed of:

3 (1) three directors appointed by the most populous
4 municipality in the authority;

5 (2) one director appointed by each county in the
6 authority;

7 (3) one director appointed by each municipality in the
8 authority that has not made an appointment under Subdivision (1);

9 (4) one director appointed by each school district
10 that owns property in the authority; and

11 (5) any other directors appointed as provided in the
12 agreement creating the authority under Section 672.053.

13 (b) The board shall manage, operate, and control the
14 authority.

15 Sec. 672.102. TERMS. The participating entities shall
16 appoint the directors to serve staggered four-year terms with as
17 near as possible to one-half of the directors' terms expiring every
18 two years.

19 Sec. 672.103. QUALIFICATIONS. (a) Except as provided by
20 this subsection, a director must reside in the boundaries of the
21 participating entity that appointed the director. A director
22 appointed under Section 672.101(a)(5) must reside in the boundaries
23 of at least one of the participating entities.

24 (b) A director may be an elected official or employee of a
25 participating entity.

26 Sec. 672.104. MAJORITY VOTE; QUORUM. (a) Except as
27 otherwise provided by the agreement under Section 672.053, the vote

1 of a majority serving on the board is necessary for any action taken
2 by the board.

3 (b) The board may not meet or take any action without a
4 quorum.

5 (c) If a vacancy exists on a board, the majority of
6 directors serving on the board is a quorum.

7 Sec. 672.105. OFFICERS. (a) The board shall elect a
8 presiding officer and an assistant presiding officer.

9 (b) The assistant presiding officer presides in the absence
10 of the presiding officer.

11 (c) The board may elect other officers it considers
12 appropriate.

13 Sec. 672.106. COMPENSATION; EXPENSES. A director serves
14 without compensation but is entitled to reimbursement for actual
15 and necessary expenses.

16 Sec. 672.107. PROHIBITED CONDUCT FOR DIRECTORS AND
17 EMPLOYEES. An authority director or employee may not:

18 (1) accept or solicit any gift, favor, or service:

19 (A) that might reasonably influence the director
20 or employee in the discharge of an official duty; or

21 (B) that the director or employee knows or should
22 know is being offered with the intent to influence the director's or
23 employee's official conduct;

24 (2) accept other employment or engage in a business or
25 professional activity that the director or employee might
26 reasonably expect would require or induce the director or employee
27 to disclose confidential information acquired by reason of the

1 official position;

2 (3) make personal investments that could reasonably be
3 expected to create a substantial conflict between the director's or
4 employee's private interest and the interest of the authority;

5 (4) intentionally or knowingly solicit, accept, or
6 agree to accept any benefit for having exercised the director's or
7 employee's official powers or performed the director's or
8 employee's official duties in favor of another; or

9 (5) have a personal interest in an agreement executed
10 by the authority.

11 Sec. 672.108. REMOVAL OF DIRECTOR. (a) It is a ground for
12 removal of a director from the board if the director:

13 (1) did not have at the time of appointment the
14 qualifications required by Section 672.103;

15 (2) at the time of appointment or at any time during
16 the director's term, is ineligible under Section 672.103 or 672.107
17 to serve as a director;

18 (3) cannot discharge the director's duties for a
19 substantial part of the term for which the director is appointed
20 because of illness or disability; or

21 (4) is absent from more than half of the regularly
22 scheduled board meetings that the director is eligible to attend
23 during a calendar year.

24 (b) The validity of an action of the board is not affected by
25 the fact that it is taken when a ground for removal of a director
26 exists.

27 [Sections 672.109-672.150 reserved for expansion]

1 SUBCHAPTER D. POWERS AND DUTIES

2 Sec. 672.151. MUNICIPAL MANAGEMENT DISTRICT POWERS AND
3 DUTIES. An authority has the powers and duties applicable to a
4 municipal management district under Subchapter E, Chapter 375,
5 Local Government Code.

6 Sec. 672.152. RULES. An authority may adopt rules to govern
7 the operation of the authority, including rules relating to:

- 8 (1) its employees;
9 (2) its facilities;
10 (3) health, safety, and general welfare of persons and
11 property; and
12 (4) any other necessary matter concerning its
13 purposes.

14 Sec. 672.153. INLAND PORTS FACILITATION. An authority
15 shall facilitate and process national and international trade
16 through strategic investment in multi-modal transportation assets,
17 logistics systems, security processes, customs facilities, and
18 freight transfer equipment and by promoting value-added services as
19 goods move through the supply chain and into national and
20 international commerce.

21 Sec. 672.154. TRANSPORTATION PROJECTS; PUBLIC UTILITY
22 FACILITIES. (a) In this section:

23 (1) "Cogeneration facility" means a facility that
24 generates electricity and heat in a single thermodynamic process.

25 (2) "Inland port improvement or facility" means an
26 improvement or facility necessary or convenient for the proper
27 operation of an inland port and may include land and equipment that

1 have development potential for industrial, distribution, and
2 processing facilities that support the movement of goods in
3 national and international commerce.

4 (3) "Intermodal hub" means a central location where
5 cargo containers can be easily and quickly transferred between
6 trucks, trains, and airplanes, including through the use of cranes,
7 conveyors, side loaders, and other equipment for the automated or
8 semi-automated movement of cargo.

9 (4) "Public utility facility" means:

10 (A) a water, wastewater, natural gas, or
11 petroleum pipeline or associated equipment;

12 (B) an electric transmission or distribution
13 line, a cogeneration facility, or associated equipment; or

14 (C) telecommunications information services, or
15 cable television infrastructure or associated equipment, including
16 fiber optic cable, conduit, and wireless communications
17 facilities.

18 (5) "Spaceport" means a facility and related equipment
19 for the development and deployment of commercial space activities,
20 including suborbital space flights, space training programs, zero
21 gravity flights, jet flight adventures, visitor centers and
22 museums, and space camps.

23 (6) "Transportation project" means:

24 (A) a passenger or freight rail facility,
25 including:

26 (i) railroad tracks;

27 (ii) a rail line;

- 1 (iii) switching, signaling, or other
2 operating equipment;
- 3 (iv) a depot or other facility for
4 receiving;
- 5 (v) a locomotive;
- 6 (vi) rolling stock;
- 7 (vii) cranes, conveyors, and other
8 equipment for movement of freight, including containers;
- 9 (viii) security facilities for scanning,
10 screening, and inspection of freight, trucks, railcars, and other
11 means of containerized transport of freight;
- 12 (ix) a maintenance facility; and
- 13 (x) other real and personal property
14 associated with a rail operation;
- 15 (B) a roadway;
- 16 (C) an airport and facilities supporting and used
17 in airport operations, including aircraft, runways, runway
18 expansions or extensions, terminals, and air traffic control
19 facilities;
- 20 (D) a spaceport;
- 21 (E) an intermodal hub;
- 22 (F) an automated conveyor belt for the movement
23 of freight;
- 24 (G) a border crossing inspection station; or
- 25 (H) an inland port facility or improvement.
- 26 (b) An authority may acquire a transportation project or
27 public utility facility, acquire property for a transportation

1 project or public utility facility, and construct or improve a
2 transportation project or public utility facility inside or, if
3 contiguous to a project or facility inside the authority, outside
4 the authority as necessary to ensure an adequate transportation or
5 public utility infrastructure to support authority facilities or
6 operations provided that in no instance may the authority acquire
7 property through eminent domain.

8 (c) An authority may finance a transportation project or
9 public utility facility or construction, acquisition, or
10 improvement of a transportation project or public utility facility
11 from money available to the authority under this chapter.

12 Sec. 672.155. OWNERSHIP OF AUTHORITY PROJECTS. (a) A
13 transportation project that is the subject of a development
14 agreement with a private entity, including the facilities acquired
15 or constructed on the project, is public property and belongs to the
16 authority that entered into the agreement.

17 (b) An authority may enter into an agreement that provides
18 for the lease of rights-of-way, the granting of easements, the
19 issuance of franchises, concessions, licenses, or permits, or any
20 lawful uses to enable a private entity to construct, occupy,
21 operate, and maintain a transportation project, including
22 supplemental facilities. At the termination of the agreement, the
23 transportation project, including the facilities, must be in a
24 state of proper maintenance as determined by the authority and
25 returned to the authority in satisfactory condition at no further
26 cost.

27 Sec. 672.156. PROPERTY GENERALLY. An authority may

1 acquire, construct, complete, develop, finance, own, operate,
2 maintain, lease, and sell any kind of property to any person for any
3 authority purpose, including transportation projects, office
4 buildings, warehouses, passenger and freight terminals, container
5 examination stations, and any other facility necessary or useful to
6 fulfilling the purposes of the authority.

7 Sec. 672.157. PURCHASE OF REAL PROPERTY. An authority may
8 purchase an interest in real property to acquire, construct, or
9 operate an authority facility on terms and at a price agreed to
10 between the authority and the owner.

11 Sec. 672.158. CONVEYANCE OF PROPERTY. (a) The governing
12 body of a municipality, county, or other governmental entity may
13 convey title or rights and easements to any property needed by the
14 authority to effect its purposes. The authority and the entity may
15 agree on any terms to make the conveyance.

16 (b) To the extent of a conflict between this section and any
17 other law, this section controls.

18 Sec. 672.159. CONSENT REQUIRED FOR CERTAIN PROPERTY
19 ACQUISITION. The authority may not acquire real property listed on
20 the tax rolls of a participating entity without the consent of the
21 participating entity.

22 Sec. 672.160. NO EMINENT DOMAIN POWER. An authority may not
23 exercise the power of eminent domain.

24 Sec. 672.161. TRANSPORTATION PROJECT; CONSTRUCTION
25 MANAGER-AT-RISK. (a) An authority may contract for the design and
26 construction of a transportation project under Section 672.154 by a
27 construction manager-at-risk procedure under which the

1 construction manager-at-risk provides consultation to the
2 authority during the design of the transportation project and is
3 responsible for construction of the transportation project in
4 accordance with the authority's specifications.

5 (b) In using a construction manager-at-risk procedure, the
6 authority shall follow the procedures provided by:

7 (1) Subchapter F, Chapter 2264, Government Code, if
8 House Bill 447, Acts of the 80th Legislature, Regular Session,
9 2007, takes effect; or

10 (2) Section 271.118, Local Government Code, if House
11 Bill 447, Acts of the 80th Legislature, Regular Session, 2007, does
12 not take effect.

13 Sec. 672.162. TRANSPORTATION PROJECT; DESIGN-BUILD. (a)
14 An authority may contract for the design and construction of a
15 transportation project under Section 672.154 using a design-build
16 procedure in which services for the design and construction of the
17 project are provided under a single contract.

18 (b) In using a design-build procedure, the authority shall
19 follow the procedures provided by:

20 (1) Subchapter J, Chapter 271, Local Government Code,
21 if House Bill 1886, Acts of the 80th Legislature, Regular Session,
22 2007, takes effect;

23 (2) Section 271.119, Local Government Code, if:

24 (A) House Bill 1886, Acts of the 80th
25 Legislature, Regular Session, 2007, does not take effect; and

26 (B) House Bill 447, Acts of the 80th Legislature,
27 Regular Session, 2007, does not take effect; or

1 (3) Subchapter G, Chapter 2264, Government Code, if:

2 (A) House Bill 1886, Acts of the 80th
3 Legislature, Regular Session, 2007, does not take effect; and

4 (B) House Bill 447, Acts of the 80th Legislature,
5 Regular Session, 2007, takes effect.

6 (c) If Subchapter J, Chapter 271, Local Government Code,
7 applies, it applies without regard to the size or population of the
8 authority.

9 Sec. 672.163. LEASES. An authority may lease the use of any
10 of its facilities or equipment. A lease term may not exceed 50
11 years.

12 Sec. 672.164. AGREEMENTS GENERALLY. An authority may enter
13 into an agreement with any person, including with the United States
14 or any other governmental entity, for any authority purpose.

15 Sec. 672.165. AMENDMENT OF GOVERNING AGREEMENT. (a) The
16 participating entities may amend the agreement executed under
17 Section 672.053. The amendment may limit or expand the authority's
18 powers, but may not expand the authority's powers beyond the powers
19 granted by this chapter.

20 (b) The agreement may not be amended if the authority has
21 outstanding indebtedness and the amendment:

22 (1) reduces the authority's powers; or

23 (2) negatively affects the holders of debt issued by
24 the authority.

25 Sec. 672.166. JOINT ACTIONS. An authority may act jointly
26 with any other person, private or public, inside or outside this
27 state or the United States, in the performance of any power or duty

1 under this chapter or other law.

2 Sec. 672.167. INSURANCE. (a) An authority may purchase and
3 pay premiums to insurers for insurance of any type in amounts
4 considered necessary or advisable by the board.

5 (b) An authority may purchase an additional insured
6 provision to any liability insurance contract.

7 Sec. 672.168. PROMOTION AND ADVERTISING. An authority may
8 promote the use of an authority project, facility, or service,
9 including a project, facility, or service that it operates on
10 behalf of another entity or that another entity operates on behalf
11 of the authority, by appropriate means, including advertising or
12 marketing as the authority determines appropriate.

13 Sec. 672.169. SECURITY SERVICES. An authority may employ a
14 security officer who holds a peace officer license issued by the
15 Commission on Law Enforcement Officer Standards and Education.

16 Sec. 672.170. GRANTS; LOANS; DONATIONS. An authority may
17 accept a grant, loan, or donation from any person, including the
18 United States, this state, or a political subdivision of this
19 state.

20 Sec. 672.171. VENUE. An action against the authority must
21 be brought in the county in which the seat of the most populous
22 municipality that is a participating entity is located. If a
23 municipality is not a participating entity, an action must be
24 brought in the county in which the principal office of the authority
25 is located.

26 Sec. 672.172. COMPLIANCE WITH MUNICIPAL REQUIREMENTS. All
27 authority property and any improvement project, transportation

1 project, or public utility facility constructed for the authority
2 is subject to the land use regulations and other applicable
3 ordinances or rules of each municipality in whose corporate
4 boundaries or extraterritorial jurisdiction the property, project,
5 or facility is located.

6 Sec. 672.173. CONSENT REQUIRED FOR CERTAIN POWERS. With
7 the consent of a municipality, county, or other political
8 subdivision, an authority may:

9 (1) use streets, alleys, roads, highways, and other
10 public ways of the municipality, county, or other political
11 subdivision; and

12 (2) relocate, raise, reroute, change the grade of, or
13 alter, at the expense of the authority, the construction of:

14 (A) a street, alley, highway, road, or railroad;

15 (B) electric lines and facilities;

16 (C) telegraph and telephone properties and
17 facilities;

18 (D) pipelines and facilities;

19 (E) conduits and facilities; and

20 (F) other property, as necessary or useful in the
21 construction, reconstruction, repair, maintenance, and operation
22 of facilities.

23 Sec. 672.174. CONSENT OF TEXAS DEPARTMENT OF TRANSPORTATION
24 REQUIRED FOR HIGHWAY WORK. An authority may not alter a highway
25 that is part of the state highway system without the consent of the
26 Texas Department of Transportation.

27 Sec. 672.175. CONSENT OF RAILROAD REQUIRED. An authority

1 may not alter a railroad without consent of the railroad.

2 Sec. 672.176. NO RETAIL UTILITY SERVICES. An authority may
3 not provide retail utility services.

4 Sec. 672.177. NO DUPLICATION OF SERVICES OR FACILITY OF
5 PUBLIC ENTITY. An authority may not duplicate a service or facility
6 of another public entity.

7 [Sections 672.178-672.200 reserved for expansion]

8 SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS

9 Sec. 672.201. RATES. An authority shall establish and
10 maintain commercially reasonable and nondiscriminatory rates,
11 rentals, fees, charges, or other compensation for the use of
12 facilities constructed, operated, regulated, or maintained by the
13 authority.

14 Sec. 672.202. REIMBURSEMENT TO AND PURCHASES FROM PRIVATE
15 ENTITIES. (a) An authority may reimburse a private entity for
16 money spent to improve facilities, including a facility described
17 by Section 672.154, or other property in the authority if the
18 improvement will provide a public benefit or has been or will be
19 dedicated or otherwise transferred to public use.

20 (b) An authority may purchase any improvement to property
21 that has been or will be constructed by a private entity, regardless
22 of whether the construction occurs before or after the creation of
23 the authority.

24 Sec. 672.203. LIABILITIES. An authority may incur
25 liabilities, borrow money on terms the board determines, enter into
26 short-term borrowing and commercial paper transactions, and issue
27 bonds.

1 Sec. 672.204. CREDIT AGREEMENTS. An authority may enter
2 into credit agreements under Chapter 1371, Government Code.

3 Sec. 672.205. PROCUREMENT. (a) An authority shall adopt
4 rules governing the award of contracts through competitive
5 processes for goods and services.

6 (b) An authority may procure goods and services, including
7 materials, engineering, design, construction, operations,
8 maintenance, and other goods and services, through any procedure
9 authorized by this chapter or any other law. Chapter 2254,
10 Government Code, applies to the procurement of professional
11 services.

12 (c) To the extent of a conflict between this section and any
13 other law, this section controls.

14 Sec. 672.206. DEPOSITORY OR TREASURER. (a) The board by
15 resolution shall designate a bank or banks as the authority's
16 depository.

17 (b) All authority money must be secured in the manner
18 provided for securing county funds.

19 [Sections 672.207-672.250 reserved for expansion]

20 SUBCHAPTER F. ASSESSMENTS AND IMPACT FEES

21 Sec. 672.251. GENERAL POWERS RELATING TO ASSESSMENTS AND
22 IMPACT FEES. An authority may impose assessments and impact fees
23 under Subchapters F, G, and H, Chapter 375, Local Government Code.

24 Sec. 672.252. ADDITIONAL ASSESSMENT POWERS. In addition to
25 the powers granted under Subchapter F, Chapter 375, Local
26 Government Code, an improvement project undertaken by an authority
27 may include:

1 (1) the financing of any of the improvements described
2 in Section 375.112, Local Government Code; and

3 (2) the construction, financing, acquisition,
4 improvement, relocation, operation, maintenance, or provision of
5 an inland port facility or transportation project under Subchapter
6 D.

7 [Sections 672.253-672.300 reserved for expansion]

8 SUBCHAPTER G. AD VALOREM TAXES AND BONDS

9 Sec. 672.301. GENERAL BOND AUTHORITY. (a) Except as
10 otherwise provided by this subchapter, an authority may issue bonds
11 as provided by Subchapter J, Chapter 375, Local Government Code.

12 (b) Sections 375.207 and 375.208, Local Government Code, do
13 not apply to an authority.

14 Sec. 672.302. TAX AND BOND ELECTION. (a) The authority may
15 not issue bonds secured by ad valorem taxes unless the issuance of
16 the bonds and the tax to pay the bonds are approved by authority
17 voters at an election held for that purpose.

18 (b) The authority may issue bonds not secured by ad valorem
19 taxes without an election.

20 (c) The proposition submitted in the election must state:

21 (1) the purpose for which the bonds are to be issued;
22 (2) the amount of the bonds;
23 (3) the anticipated interest rate, which may be stated
24 as a range;

25 (4) the ad valorem taxes that will be imposed to pay
26 the annual interest on the bonds; and

27 (5) the maturity date of the bonds or that the bonds

1 may be issued to mature serially over a specified number of years
2 not to exceed 40.

3 (d) In addition to the notice required by Section 4.003(c),
4 Election Code, the authority shall provide notice of the election
5 by:

6 (1) posting a substantial copy of the election order
7 at:

8 (A) three public places in the authority, which
9 may include the place for posting of official notices maintained by
10 one or more of the participating entities; and

11 (B) the authority's principal office; and

12 (2) publishing notice of the election in a newspaper
13 of general circulation published in the authority.

14 (e) The notice required by Subsection (d)(2) must be
15 published on the same day in each of two successive weeks. The
16 first publication must be not less than 14 days before the date of
17 the election.

18 (f) At the election, the ballots shall be printed to permit
19 voting for or against the proposition: "The issuance of bonds and
20 the imposition of taxes to pay the bonds."

21 Sec. 672.303. AD VALOREM TAX AUTHORIZED; RATE. (a) The
22 authority may impose an ad valorem tax for any authority purpose if
23 a majority of the authority voters voting at an election called for
24 that purpose vote in favor of the tax.

25 (b) The authority's tax rate may not exceed 10 cents on each
26 \$100 valuation of all taxable property in the authority.

27 (c) The authority shall publish notice and hold a hearing on

1 the tax rate in the same manner as provided by Section 672.054.

2 (d) After setting the tax rate, the authority is governed by
3 the provisions of the Tax Code governing ad valorem taxes of
4 home-rule municipalities.

5 (e) The initial tax rate does not take effect until the tax
6 year beginning on a date after the date of the initial meeting of
7 the board or the tax year following the date the board sets the
8 initial tax rate, whichever is later.

9 Sec. 672.304. CERTIFICATES OF OBLIGATION. An authority may
10 issue certificates of obligation in the manner provided by
11 Subchapter C, Chapter 271, Local Government Code.

12 Sec. 672.305. NO MUNICIPAL OR COUNTY OBLIGATION. Except as
13 provided by Section 672.402, a participating entity is not
14 obligated to pay any authority bonds.

15 Sec. 672.306. BONDS EXEMPT FROM TAXATION. Bonds issued
16 under this chapter, the transfer of the bonds, and income from the
17 bonds, including profits made on the sale of the bonds, are exempt
18 from taxation in this state.

19 Sec. 672.307. APPLICATION OF OTHER LAW. Subchapter H,
20 Chapter 375, Local Government Code applies to a tax imposed by an
21 authority. Chapter 2007, Government Code, does not apply to a tax
22 imposed by an authority.

23 [Sections 672.308-672.400 reserved for expansion]

24 SUBCHAPTER H. WITHDRAWAL AND DISSOLUTION

25 Sec. 672.401. WITHDRAWAL. (a) A participating entity may
26 withdraw from the authority if:

27 (1) the governing body of each participating entity

1 agrees to the withdrawal; and

2 (2) the authority has outstanding bonded
3 indebtedness, but the debt holders agree in writing to the
4 withdrawal.

5 (b) If a participating entity withdraws from the authority,
6 the boundaries of the authority are revised to reflect the removal
7 of the territory of the withdrawing entity.

8 (c) If an entity that appoints directors under Section
9 672.101 withdraws, the directors that were appointed by that entity
10 vacate the director's office. The participating entities shall
11 appoint a new director to fill the remainder of each withdrawing
12 director's term. The new director is appointed as provided by
13 Section 672.101.

14 Sec. 672.402. DISSOLUTION. An authority is dissolved if:

15 (1) the governing body of each participating entity
16 agrees;

17 (2) all debts and other liabilities of the authority
18 have been paid and discharged or adequate provision has been made
19 for the payment of all debts and other liabilities;

20 (3) there are no suits pending against the authority,
21 or adequate provision has been made for the satisfaction of any
22 judgment, order, or decree that may be entered against it in any
23 pending suit; and

24 (4) the authority has commitments from other
25 governmental entities to assume jurisdiction of all authority
26 property, including facilities and equipment.

27 SECTION 2. This Act takes effect immediately if it receives

C.S.S.B. No. 1693

1 a vote of two-thirds of all the members elected to each house, as
2 provided by Section 39, Article III, Texas Constitution. If this
3 Act does not receive the vote necessary for immediate effect, this
4 Act takes effect September 1, 2007.