

By: Oliverson

H.B. No. 4343

A BILL TO BE ENTITLED

AN ACT

relating to the creation of Harris County Improvement District No. 26; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.

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

SECTION 1. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3800 to read as follows:

CHAPTER 3800. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 26

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3800.001. DEFINITIONS. In this chapter:

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

(2) "City" means the City of Houston.

(3) "County" means Harris County.

(4) "Director" means a board member.

(5) "District" means the Harris County Improvement District No. 26.

Sec. 3800.002. CREATION AND NATURE OF DISTRICT. The district is a special district created under Section 59, Article XVI, Texas Constitution.

Sec. 3800.003. PURPOSE; DECLARATION OF INTENT. (a) The creation of the 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. By creating the district and in authorizing the city, the

1 county, and other political subdivisions to contract with the  
2 district, the legislature has established a program to accomplish  
3 the public purposes set out in Section 52-a, Article III, Texas  
4 Constitution.

5 (b) The creation of the district is necessary to promote,  
6 develop, encourage, and maintain employment, commerce,  
7 transportation, housing, tourism, recreation, the arts,  
8 entertainment, economic development, safety, and the public  
9 welfare in the district.

10 (c) This chapter and the creation of the district may not be  
11 interpreted to relieve the city or the county from providing the  
12 level of services provided as of the effective date of the Act  
13 enacting this chapter to the area in the district. The district is  
14 created to supplement and not to supplant city or county services  
15 provided in the district.

16 Sec. 3800.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a)  
17 The district is created to serve a public use and benefit.

18 (b) All land and other property included in the district  
19 will benefit from the improvements and services to be provided by  
20 the district under powers conferred by Sections 52 and 52-a,  
21 Article III, and Section 59, Article XVI, Texas Constitution, and  
22 other powers granted under this chapter.

23 (c) The creation of the district is in the public interest  
24 and is essential to further the public purposes of:

25 (1) developing and diversifying the economy of the  
26 state;

27 (2) eliminating unemployment and underemployment; and

1           (3) developing or expanding transportation and  
2 commerce.

3           (d) The district will:

4           (1) promote the health, safety, and general welfare of  
5 residents, employers, potential employees, employees, visitors,  
6 and consumers in the district, and of the public;

7           (2) provide needed funding for the district to  
8 preserve, maintain, and enhance the economic health and vitality of  
9 the district territory as a community and business center;

10           (3) promote the health, safety, welfare, and enjoyment  
11 of the public by providing pedestrian ways and by landscaping and  
12 developing certain areas in the district, which are necessary for  
13 the restoration, preservation, and enhancement of scenic beauty;  
14 and

15           (4) provide for water, wastewater, drainage, road, and  
16 recreational facilities for the district.

17           (e) Pedestrian ways along or across a street, whether at  
18 grade or above or below the surface, street lighting, street  
19 landscaping, parking, and street art objects are parts of and  
20 necessary components of a street and are considered to be a street  
21 or road improvement.

22           (f) The district will not act as the agent or  
23 instrumentality of any private interest even though the district  
24 will benefit many private interests as well as the public.

25           Sec. 3800.005. INITIAL DISTRICT TERRITORY. (a) The  
26 district is initially composed of the territory described by  
27 Section 2 of the Act enacting this chapter.

1       (b) The boundaries and field notes contained in Section 2 of  
2 the Act enacting this chapter form a closure. A mistake in the  
3 field notes or in copying the field notes in the legislative process  
4 does not affect the district's:

5           (1) organization, existence, or validity;

6           (2) right to issue any type of bonds for the purposes  
7 for which the district is created or to pay the principal of and  
8 interest on the bonds;

9           (3) right to impose or collect an assessment or tax; or

10          (4) legality or operation.

11       Sec. 3800.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.

12 All or any part of the area of the district is eligible to be  
13 included in:

14           (1) a tax increment reinvestment zone created under  
15 Chapter 311, Tax Code;

16           (2) a tax abatement reinvestment zone created under  
17 Chapter 312, Tax Code;

18           (3) an enterprise zone created under Chapter 2303,  
19 Government Code;

20           (4) an industrial district created under Chapter 42,  
21 Local Government Code; or

22           (5) a public improvement district created under  
23 Chapter 372, Local Government Code.

24       Sec. 3800.007. APPLICABILITY OF MUNICIPAL MANAGEMENT  
25 DISTRICTS LAW. Except as otherwise provided by this chapter,  
26 Chapter 375, Local Government Code, applies to the district.

27       Sec. 3800.008. CONSTRUCTION OF CHAPTER. This chapter shall

1 be liberally construed in conformity with the findings and purposes  
2 stated in this chapter.

3 SUBCHAPTER B. BOARD OF DIRECTORS

4 Sec. 3800.051. GOVERNING BODY; TERMS. (a) The district is  
5 governed by a board of five voting directors who serve staggered  
6 terms of four years, with two or three directors' terms expiring  
7 June 1 of each odd-numbered year.

8 (b) The board by resolution may change the number of voting  
9 directors on the board only if the board determines that the change  
10 is in the best interest of the district. The board may not consist  
11 of fewer than five or more than 15 voting directors.

12 Sec. 3800.052. APPOINTMENT OF VOTING DIRECTORS. (a) The  
13 Texas Commission on Environmental Quality shall appoint voting  
14 directors from persons recommended by the board.

15 (b) Section 49.052, Water Code, does not apply to the  
16 directors.

17 Sec. 3800.053. NONVOTING DIRECTORS. The board may appoint  
18 nonvoting directors to serve at the pleasure of the voting  
19 directors.

20 Sec. 3800.054. QUORUM. For purposes of determining the  
21 requirements for a quorum of the board, the following are not  
22 counted:

23 (1) a board position vacant for any reason, including  
24 death, resignation, or disqualification;

25 (2) a director who is abstaining from participation in  
26 a vote because of a conflict of interest; or

27 (3) a nonvoting director.

1 Sec. 3800.055. COMPENSATION. A director is entitled to  
2 receive fees of office and reimbursement for actual expenses as  
3 provided by Section 49.060, Water Code. Sections 375.069 and  
4 375.070, Local Government Code, do not apply to the board.

5 Sec. 3800.056. INITIAL VOTING DIRECTORS. (a) The initial  
6 board consists of:

<u>Pos. No.</u>	<u>Name of Director:</u>
<u>1</u>	<u>Jeff Eastman</u>
<u>2</u>	<u>Mark Urback</u>
<u>3</u>	<u>Lee Burchfield</u>
<u>4</u>	<u>James Warren</u>
<u>5</u>	<u>Jay Lynn Daniel</u>

13 (b) Of the initial directors, the terms of directors  
14 appointed for positions one through three expire June 1, 2019, and  
15 the terms of directors appointed for positions four and five expire  
16 June 1, 2021.

17 (c) Section 3800.052 does not apply to this section.

18 (d) This section expires September 1, 2021.

19 SUBCHAPTER C. POWERS AND DUTIES

20 Sec. 3800.101. GENERAL POWERS AND DUTIES. The district has  
21 the powers and duties necessary to accomplish the purposes for  
22 which the district is created.

23 Sec. 3800.102. IMPROVEMENT PROJECTS AND SERVICES. The  
24 district may provide, design, construct, acquire, improve,  
25 relocate, operate, maintain, or finance an improvement project or  
26 service using any money available to the district, or contract with  
27 a governmental or private entity to provide, design, construct,

1 acquire, improve, relocate, operate, maintain, or finance an  
2 improvement project or service authorized under this chapter or  
3 Chapter 375, Local Government Code.

4 Sec. 3800.103. DEVELOPMENT CORPORATION POWERS. The  
5 district, using money available to the district, may exercise the  
6 powers given to a development corporation under Chapter 505, Local  
7 Government Code, including the power to own, operate, acquire,  
8 construct, lease, improve, or maintain a project under that  
9 chapter.

10 Sec. 3800.104. NONPROFIT CORPORATION. (a) The board by  
11 resolution may authorize the creation of a nonprofit corporation to  
12 assist and act for the district in implementing a project or  
13 providing a service authorized by this chapter.

14 (b) The nonprofit corporation:

15 (1) has each power of and is considered to be a local  
16 government corporation created under Subchapter D, Chapter 431,  
17 Transportation Code; and

18 (2) may implement any project and provide any service  
19 authorized by this chapter.

20 (c) The board shall appoint the board of directors of the  
21 nonprofit corporation. The board of directors of the nonprofit  
22 corporation shall serve in the same manner as the board of directors  
23 of a local government corporation created under Subchapter D,  
24 Chapter 431, Transportation Code, except that a board member is not  
25 required to reside in the district.

26 Sec. 3800.105. PUBLIC FACILITY CORPORATIONS. As provided  
27 by Chapter 303, Local Government Code, the board by resolution may

1 authorize the creation of a public facility corporation in the  
2 district to finance or to provide for the acquisition,  
3 construction, rehabilitation, renovation, repair, equipping,  
4 furnishing, or placement in service of public facilities in an  
5 orderly, planned manner and at the lowest possible borrowing costs.

6 Sec. 3800.106. AGREEMENTS; GRANTS. (a) As provided by  
7 Chapter 375, Local Government Code, the district may make an  
8 agreement with or accept a gift, grant, or loan from any person.

9 (b) The implementation of a project is a governmental  
10 function or service for the purposes of Chapter 791, Government  
11 Code.

12 Sec. 3800.107. LAW ENFORCEMENT SERVICES. To protect the  
13 public interest, the district may contract with a qualified party,  
14 including the county or the city, to provide law enforcement  
15 services in the district for a fee.

16 Sec. 3800.108. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. The  
17 district may join and pay dues to a charitable or nonprofit  
18 organization that performs a service or provides an activity  
19 consistent with the furtherance of a district purpose.

20 Sec. 3800.109. ECONOMIC DEVELOPMENT. (a) The district may  
21 engage in activities that accomplish the economic development  
22 purposes of the district.

23 (b) The district may establish and provide for the  
24 administration of one or more programs to promote state or local  
25 economic development and to stimulate business and commercial  
26 activity in the district, including programs to:

27 (1) make loans and grants of public money; and



1           (2) provide district personnel and services.

2           (c) The district may create economic development programs  
3 and exercise the economic development powers provided to  
4 municipalities by:

5           (1) Chapter 380, Local Government Code; and

6           (2) Subchapter A, Chapter 1509, Government Code.

7           Sec. 3800.110. PARKING FACILITIES. (a) The district may  
8 acquire, lease as lessor or lessee, construct, develop, own,  
9 operate, and maintain parking facilities or a system of parking  
10 facilities, including lots, garages, parking terminals, or other  
11 structures or accommodations for parking motor vehicles off the  
12 streets and related appurtenances.

13           (b) The district's parking facilities serve the public  
14 purposes of the district and are owned, used, and held for a public  
15 purpose even if leased or operated by a private entity for a term of  
16 years.

17           (c) The district's parking facilities are part of and  
18 necessary components of a street and are considered to be a street  
19 or road improvement.

20           (d) The development and operation of the district's parking  
21 facilities may be considered an economic development program.

22           Sec. 3800.111. ANNEXATION OR EXCLUSION OF LAND. (a) The  
23 district may annex land as provided by Subchapter J, Chapter 49,  
24 Water Code.

25           (b) The district may exclude land as provided by Subchapter  
26 J, Chapter 49, Water Code. Section 375.044(b), Local Government  
27 Code, does not apply to the district.

1       Sec. 3800.112. PUBLIC IMPROVEMENT DISTRICT POWERS. The  
2 district has the powers provided by Chapter 372, Local Government  
3 Code, to a municipality or county.

4       Sec. 3800.113. ROAD UTILITY DISTRICT POWERS. The district  
5 has the powers provided by the general laws relating to road utility  
6 districts created under Section 52(b), Article III, Texas  
7 Constitution, including Chapter 441, Transportation Code.

8       Sec. 3800.114. PROPERTY OF CERTAIN UTILITIES EXEMPT FROM  
9 ASSESSMENTS AND FEES. The district may not impose an assessment,  
10 impact fee, or standby fee on the property, including the  
11 equipment, rights-of-way, easements, facilities, or improvements,  
12 of:

13               (1) an electric utility or a power generation company  
14 as defined by Section 31.002, Utilities Code;

15               (2) a gas utility, as defined by Section 101.003 or  
16 121.001, Utilities Code, or a person who owns pipelines used for the  
17 transportation or sale of oil or gas or a product or constituent of  
18 oil or gas;

19               (3) a person who owns pipelines used for the  
20 transportation or sale of carbon dioxide;

21               (4) a telecommunications provider as defined by  
22 Section 51.002, Utilities Code; or

23               (5) a cable service provider or video service provider  
24 as defined by Section 66.002, Utilities Code.

25       Sec. 3800.115. USE OF ELECTRICAL OR OPTICAL LINES. (a) The  
26 district may impose an assessment to pay the cost of:

27               (1) burying or removing electrical power lines,

1 telephone lines, cable or fiber-optic lines, or any other type of  
2 electrical or optical line;

3 (2) removing poles and any elevated lines using the  
4 poles; and

5 (3) reconnecting the lines described by Subdivision  
6 (2) to the buildings or other improvements to which the lines were  
7 connected.

8 (b) The district may finance, acquire, construct, improve,  
9 operate, maintain, or charge fees for the use of the district  
10 conduits for another person's:

11 (1) telecommunications network; or

12 (2) fiber-optic cable.

13 (c) Consistent with Title 2, Utilities Code, the district  
14 may finance, construct, or maintain conduits for:

15 (1) electronic transmission and distribution lines  
16 and supporting facilities; or

17 (2) other types of transmission and distribution lines  
18 and supporting facilities.

19 (d) The district may not require a person to use a district  
20 conduit.

21 Sec. 3800.116. STRATEGIC PARTNERSHIP AGREEMENT. The  
22 district may negotiate and enter into a written strategic  
23 partnership agreement under Section 43.0751, Local Government  
24 Code, with a municipality in whose extraterritorial jurisdiction  
25 the district is located.

26 Sec. 3800.117. NO EMINENT DOMAIN POWER. The district may  
27 not exercise the power of eminent domain.

1       SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

2       Sec. 3800.151. DISBURSEMENTS AND TRANSFERS OF MONEY. The  
3 board by resolution shall establish the number of directors'  
4 signatures and the procedure required for a disbursement or  
5 transfer of district money.

6       Sec. 3800.152. MONEY USED FOR IMPROVEMENTS OR SERVICES.  
7 The district may acquire, construct, finance, operate, or maintain  
8 any improvement or service authorized under this chapter or Chapter  
9 375, Local Government Code, using any money available to the  
10 district.

11       Sec. 3800.153. PETITION REQUIRED FOR FINANCING SERVICES AND  
12 IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a  
13 service or improvement project with assessments under this chapter  
14 unless a written petition requesting that service or improvement  
15 has been filed with the board.

16       (b) A petition filed under Subsection (a) must be signed by  
17 the owners of a majority of the assessed value of real property in  
18 the district subject to assessment according to the most recent  
19 certified tax appraisal roll for the county.

20       Sec. 3800.154. METHOD OF NOTICE FOR HEARING. The district  
21 may mail the notice required by Section 375.115(c), Local  
22 Government Code, by certified or first class United States mail.  
23 The board shall determine the method of notice.

24       Sec. 3800.155. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a)  
25 The board by resolution may impose and collect an assessment for any  
26 purpose authorized by this chapter in all or part of the district.

27       (b) An assessment, a reassessment, or an assessment

1 resulting from an addition to or correction of the assessment roll  
2 by the district, penalties and interest on an assessment or  
3 reassessment, an expense of collection, and reasonable attorney's  
4 fees incurred by the district:

5 (1) are a first and prior lien against the property  
6 assessed;

7 (2) are superior to any other lien or claim other than  
8 a lien or claim for county, school district, or municipal ad valorem  
9 taxes; and

10 (3) are the personal liability of and a charge against  
11 the owners of the property even if the owners are not named in the  
12 assessment proceedings.

13 (c) The lien is effective from the date of the board's  
14 resolution imposing the assessment until the date the assessment is  
15 paid. The board may enforce the lien in the same manner that the  
16 board may enforce an ad valorem tax lien against real property.

17 (d) The board may make a correction to or deletion from the  
18 assessment roll that does not increase the amount of assessment of  
19 any parcel of land without providing notice and holding a hearing in  
20 the manner required for additional assessments.

21 Sec. 3800.156. RESIDENTIAL PROPERTY NOT EXEMPT. Section  
22 375.161, Local Government Code, does not apply to the district.

23 Sec. 3800.157. COMPETITIVE BIDDING. Subchapter I, Chapter  
24 49, Water Code, applies to the district. Sections 375.221 and  
25 375.223, Local Government Code, do not apply to the district.

26 Sec. 3800.158. TAX AND ASSESSMENT ABATEMENTS. The district  
27 may designate reinvestment zones and may grant abatements of a tax

1 or assessment on property in the zones in the manner provided by  
2 Chapter 312, Tax Code.

3 SUBCHAPTER E. TAXES AND BONDS

4 Sec. 3800.201. ELECTIONS REGARDING TAXES AND BONDS. (a)

5 The district may issue, without an election, bonds, notes, and  
6 other obligations secured by:

7 (1) revenue other than ad valorem taxes; or

8 (2) contract payments described by Section 3800.203.

9 (b) The district must hold an election in the manner  
10 provided by Subchapter L, Chapter 375, Local Government Code, to  
11 obtain voter approval before the district may impose an ad valorem  
12 tax or issue bonds payable from ad valorem taxes.

13 (c) Section 375.243, Local Government Code, does not apply  
14 to the district.

15 (d) All or any part of any facilities or improvements that  
16 may be acquired by a district by the issuance of its bonds may be  
17 submitted as a single proposition or as several propositions to be  
18 voted on at the election.

19 Sec. 3800.202. OPERATION AND MAINTENANCE TAX. (a) If

20 authorized by a majority of the district voters voting at an  
21 election held in accordance with Section 3800.201, the district may  
22 impose an operation and maintenance tax on taxable property in the  
23 district in accordance with Section 49.107, Water Code, for any  
24 district purpose, including to:

25 (1) maintain and operate the district;

26 (2) construct or acquire improvements; or

27 (3) provide a service.

1       (b) The board shall determine the tax rate. The rate may not  
2 exceed the rate approved at the election.

3       (c) Section 49.107(h), Water Code, does not apply to the  
4 district.

5       Sec. 3800.203. CONTRACT TAXES. (a) In accordance with  
6 Section 49.108, Water Code, the district may impose a tax other than  
7 an operation and maintenance tax and use the revenue derived from  
8 the tax to make payments under a contract after the provisions of  
9 the contract have been approved by a majority of the district voters  
10 voting at an election held for that purpose.

11       (b) A contract approved by the district voters may contain a  
12 provision stating that the contract may be modified or amended by  
13 the board without further voter approval.

14       Sec. 3800.204. AUTHORITY TO BORROW MONEY AND TO ISSUE BONDS  
15 AND OTHER OBLIGATIONS. (a) The district may borrow money on terms  
16 determined by the board. Section 375.205, Local Government Code,  
17 does not apply to a loan, line of credit, or other borrowing from a  
18 bank or financial institution secured by revenue other than ad  
19 valorem taxes.

20       (b) The district may issue bonds, notes, or other  
21 obligations payable wholly or partly from ad valorem taxes,  
22 assessments, impact fees, revenue, contract payments, grants, or  
23 other district money, or any combination of those sources of money,  
24 to pay for any authorized district purpose.

25       (c) The limitation on the outstanding principal amount of  
26 bonds, notes, and other obligations provided by Section 49.4645,  
27 Water Code, does not apply to the district.

1       Sec. 3800.205. TAXES FOR BONDS. At the time the district  
2 issues bonds payable wholly or partly from ad valorem taxes, the  
3 board shall provide for the annual imposition of a continuing  
4 direct annual ad valorem tax, without limit as to rate or amount,  
5 for each year that all or part of the bonds are outstanding as  
6 required and in the manner provided by Sections 54.601 and 54.602,  
7 Water Code.

8                               SUBCHAPTER F. DEFINED AREAS

9       Sec. 3800.251. AUTHORITY TO ESTABLISH DEFINED AREAS OR  
10 DESIGNATED PROPERTY. The district may define areas or designate  
11 certain property of the district to pay for improvements,  
12 facilities, or services that primarily benefit that area or  
13 property and do not generally and directly benefit the district as a  
14 whole.

15       Sec. 3800.252. PROCEDURE FOR ELECTION. (a) Before the  
16 district may impose an ad valorem tax or issue bonds payable from ad  
17 valorem taxes of the defined area or designated property, the board  
18 shall hold an election in the defined area or in the designated  
19 property only.

20       (b) The board may submit the proposition to the voters on  
21 the same ballot to be used in another election.

22       Sec. 3800.253. DECLARING RESULT AND ISSUING ORDER. (a) If  
23 a majority of the voters voting at the election approve the  
24 proposition or propositions, the board shall declare the results  
25 and, by order, shall establish the defined area and describe it by  
26 metes and bounds or designate the specific property.

27       (b) A court may not review the board's order except on the



1 ground of fraud, palpable error, or arbitrary and confiscatory  
2 abuse of discretion.

3 Sec. 3800.254. TAXES FOR SERVICES, IMPROVEMENTS, AND  
4 FACILITIES IN DEFINED AREAS OR DESIGNATED PROPERTY. On voter  
5 approval and adoption of the order described by Section 3800.253,  
6 the district may apply separately, differently, equitably, and  
7 specifically its taxing power and lien authority to the defined  
8 area or designated property to provide money to construct,  
9 administer, maintain, and operate services, improvements, and  
10 facilities that primarily benefit the defined area or designated  
11 property.

12 Sec. 3800.255. ISSUANCE OF BONDS FOR DEFINED AREA OR  
13 DESIGNATED PROPERTY. After the order under Section 3800.253 is  
14 adopted, the district may issue bonds to provide for any land,  
15 improvements, facilities, plants, equipment, and appliances for  
16 the defined area or designated property.

17 SUBCHAPTER G. SALES AND USE TAX

18 Sec. 3800.301. MEANINGS OF WORDS AND PHRASES. A word or  
19 phrase used in this subchapter that is defined by Chapters 151 and  
20 321, Tax Code, has the meaning assigned by Chapters 151 and 321, Tax  
21 Code.

22 Sec. 3800.302. APPLICABILITY OF CERTAIN TAX CODE  
23 PROVISIONS. (a) Except as otherwise provided by this subchapter,  
24 Subtitles A and B, Title 2, Tax Code, and Chapter 151, Tax Code,  
25 apply to taxes imposed under this subchapter and to the  
26 administration and enforcement of those taxes in the same manner  
27 that those laws apply to state taxes.

1       (b) Chapter 321, Tax Code, relating to municipal sales and  
2 use taxes, applies to the application, collection, change, and  
3 administration of a sales and use tax imposed under this subchapter  
4 to the extent consistent with this chapter, as if references in  
5 Chapter 321, Tax Code, to a municipality referred to the district  
6 and references to a governing body referred to the board.

7       (c) Sections 321.106, 321.401, 321.402, 321.403, 321.404,  
8 321.406, 321.409, 321.506, 321.507, and 321.508, Tax Code, do not  
9 apply to a tax imposed under this subchapter.

10       Sec. 3800.303. AUTHORIZATION; ELECTION. (a) The district  
11 may adopt a sales and use tax to serve the purposes of the district  
12 after an election in which a majority of the voters of the district  
13 voting in the election authorize the adoption of the tax.

14       (b) The board by order may call an election to authorize a  
15 sales and use tax. The election may be held with any other district  
16 election.

17       (c) The district shall provide notice of the election and  
18 shall hold the election in the manner prescribed by Section  
19 3800.201.

20       (d) The ballots shall be printed to provide for voting for  
21 or against the proposition: "Authorization of a sales and use tax  
22 in the Harris County Improvement District No. 26 at a rate not to  
23 exceed \_\_\_ percent."

24       Sec. 3800.304. ABOLISHING SALES AND USE TAX. (a) Except as  
25 provided by Subsection (b), the board may abolish the sales and use  
26 tax without an election.

27       (b) The board may not abolish the sales and use tax if the

1 district has outstanding debt secured by the tax.

2 Sec. 3800.305. SALES AND USE TAX RATE. (a) On adoption of  
3 the tax authorized by this subchapter, a tax is imposed on the  
4 receipts from the sale at retail of taxable items in the district  
5 and an excise tax is imposed on the use, storage, or other  
6 consumption in the district of taxable items purchased, leased, or  
7 rented from a retailer in the district during the period that the  
8 tax is in effect.

9 (b) The board shall determine the rate of the tax, which may  
10 be in one-eighth of one percent increments not to exceed the maximum  
11 rate authorized by the district voters at the election. The board  
12 may lower the tax rate to the extent the rate does not impair any  
13 outstanding debt or obligations payable from the tax.

14 (c) The rate of the excise tax is the same as the rate of the  
15 sales tax portion of the tax and is applied to the sales price of the  
16 taxable item.

17 SUBCHAPTER H. HOTEL OCCUPANCY TAXES

18 Sec. 3800.351. HOTEL OCCUPANCY TAX. (a) In this section,  
19 "hotel" has the meaning assigned by Section 156.001, Tax Code.

20 (b) For purposes of this section, a reference in Chapter  
21 351, Tax Code, to a municipality is a reference to the district and  
22 a reference in Chapter 351, Tax Code, to the municipality's  
23 officers or governing body is a reference to the board.

24 (c) Except as inconsistent with this section, Subchapter A,  
25 Chapter 351, Tax Code, governs a hotel occupancy tax authorized by  
26 this section.

27 (d) The district may impose a hotel occupancy tax and use

1 the revenue from the tax for any district purpose that is an  
2 authorized use of hotel occupancy tax revenue under Chapter 351,  
3 Tax Code.

4 (e) The board by order may impose, repeal, increase, or  
5 decrease the rate of a tax on a person who, under a lease,  
6 concession, permit, right of access, license, contract, or  
7 agreement, pays for the use or possession or for the right to the  
8 use or possession of a room that:

9 (1) is in a hotel located in the district's boundaries;

10 (2) costs \$2 or more each day; and

11 (3) is ordinarily used for sleeping.

12 (f) The amount of the tax may not exceed seven percent of the  
13 price paid for a room in a hotel.

14 (g) The district may examine and receive information  
15 related to the imposition of hotel occupancy taxes to the same  
16 extent as if the district were a municipality.

17 SUBCHAPTER I. MUNICIPAL ANNEXATION AND DISSOLUTION

18 Sec. 3800.401. MUNICIPAL ANNEXATION; DISSOLUTION. (a) The  
19 district is a "water or sewer district" under Section 43.071, Local  
20 Government Code.

21 (b) Section 43.075, Local Government Code, applies to the  
22 district.

23 (c) Section 375.264, Local Government Code, does not apply  
24 to the dissolution of the district by a municipality.

25 SUBCHAPTER Z. SPECIAL BOND PROVISIONS

26 Sec. 3800.901. APPLICABILITY. This subchapter applies to  
27 bonds payable wholly or partly from revenue derived from

1 assessments on real property in the district.

2 Sec. 3800.902. CONFLICT OF LAWS. In the event of a conflict  
3 between this subchapter and any other law, this subchapter  
4 prevails.

5 Sec. 3800.903. WRITTEN AGREEMENT REGARDING SPECIAL  
6 APPRAISALS. Before issuing bonds, the district and any person to  
7 whom the board intends that proceeds of the bonds be distributed,  
8 including a developer of or owner of land in the district, and any  
9 entity acting as a lender to a developer of or owner of land in the  
10 district for the purpose of a project relating to the district, must  
11 enter into a written agreement that:

12 (1) waives for the term of the agreement the right to a  
13 special appraisal with respect to taxation by the district under  
14 Subchapters B, C, D, E, F, and H, Chapter 23, Tax Code; and

15 (2) remains in effect for 30 years and is binding on  
16 the parties, on entities related to or affiliated with the parties,  
17 and on their successors and assignees.

18 Sec. 3800.904. REQUIREMENTS FOR ADVERTISING BOND ISSUE. A  
19 district may not advertise for an issuance of bonds until the  
20 completion of at least 25 percent of the projected value of the  
21 improvements, including houses and other buildings, that are liable  
22 for district assessments and necessary to support the district  
23 bonds.

24 Sec. 3800.905. REQUIREMENTS FOR BOND ISSUE. The district  
25 may not issue bonds until:

26 (1) the district submits to the commission:

27 (A) an engineer's report describing the project

1 for which the bonds will provide funding, including data, profiles,  
2 maps, plans, and specifications related to the project; and

3 (B) a cash flow analysis to determine the  
4 projected rate of assessment, which includes the following  
5 assumptions:

6 (i) each ending balance for debt service in  
7 the analysis is not less than 25 percent of the following year's  
8 debt service requirement;

9 (ii) interest income is only shown on the  
10 ending balance for debt service for the first two years; and

11 (iii) the projected rate of assessment is  
12 level or decreasing for the life of the bonds issued by the  
13 district;

14 (2) the completion of at least 75 percent of the  
15 projected value of the improvements, including houses and other  
16 buildings, that are liable for district assessments and necessary  
17 to support the district bonds; and

18 (3) the district has obtained an independent market  
19 study from a firm recognized in the area of real estate market  
20 analysis supporting the development projects for the real property  
21 that is liable for district assessments and necessary to support  
22 the district bonds.

23 Sec. 3800.906. REQUIREMENTS FOR COLLECTION OF REVENUE TO  
24 PAY BONDS. The district may not collect an assessment to be used  
25 for the payment of bonds until:

26 (1) the completion of at least 95 percent of the  
27 underground water, wastewater, and drainage facilities financed

1 from bond proceeds that are necessary to serve the projected  
2 build-out, as certified by the district's engineer;

3 (2) the district or other appropriate party has  
4 secured the groundwater, surface water, and water discharge permits  
5 that are necessary to secure capacity to support the projected  
6 build-out;

7 (3) the completion of at least 95 percent of lift  
8 station, water plant, and sewage treatment plant capacity  
9 sufficient to serve the connections constructed in the project for  
10 a period of not less than 18 months, as certified by the district's  
11 engineer; and

12 (4) the completion of at least 95 percent of the  
13 streets and roads that are necessary to provide access to the areas  
14 served by utilities and financed by the proceeds of bonds issued by  
15 the district, as certified by the district's engineer and  
16 constructed in accordance with city or county standards.

17 SECTION 2. Harris County Improvement District No. 26  
18 initially includes all territory contained in the following area:

19 TRACT I:

20 BEING 117.4706 ACRES OF LAND, OUT OF A CALLED 354.0585 ACRES, THE  
21 RESIDUE OF THE EAST ONE-HALF (1/2) OF THE WILLIAM HURD SURVEY,  
22 ABSTRACT 377, HARRIS COUNTY, TEXAS, THE FRITZ W MARTENS CALLED 320  
23 ACRE TRACT, DEED FILED OF RECORD MARCH 6, 1899, IN VOLUME 110, PAGE  
24 530, AND FURTHER DESCRIBED IN A DEED TO G.W.H. MARTENS, FILED OF  
25 RECORD NOVEMBER 15, 1935, IN VOLUME 1001, PAGE 22, AS CONTAINING  
26 357.7 ACRES, AND PART OF A CALLED 14.2194 ACRE TRACT OF LAND  
27 DESCRIBED UNDER HARRIS COUNTY CLERK'S FILE NUMBER S391922; SAID

1 117.4706 ACRES BEING MORE FULLY DESCRIBED BY METES AND BOUNDS AS  
2 FOLLOWS:  
3 COMMENCING AT A FENCE CORNER POST FOUND IN THE NORTH LINE OF THE  
4 MANUEL TIJERINO SURVEY, A-763, BEING THE SOUTH LINE OF THE HURD  
5 SURVEY, MARKING THE SOUTHWEST CORNER OF SAID 354.0585 ACRE TRACT,  
6 THE RESIDUE OF SAID 357.7 ACRES  
7 THENCE NORTH 00 DEGREES 27 MINUTES 21 SECONDS EAST, IN THE EAST LINE  
8 OF THE ARTHUR KRAHN, ET UX, 49.2865 ACRE TRACT RECORDED UNDER COUNTY  
9 CLERK'S FILE NUMBER E658964 FILM CODE NUMBER 134-09-1048 AND  
10 CONTINUING IN THE EAST LINE OF THE ERVIN KRAHN, ET UX, 47.1315 ACRE  
11 TRACT RECORDED UNDER COUNTY CLERK'S FILE NUMBER E658956, FIL CODE  
12 NUMBER 134-09-1033, OFFICIAL PUBLIC RECORDS OF REAL PROPERTY,  
13 HARRIS COUNTY, TEXAS AND ALONG A WIRE FENCE, A DISTANCE OF 3317.15  
14 FEET TO A 10 INCH FENCE POST FOUND FOR THE SOUTHWEST CORNER AND  
15 POINT OF BEGINNING OF THE TRACT HEREIN DESCRIBED;  
16 THENCE NORTH 00 DEGREES 27 MINUTES 21 SECONDS EAST, CONTINUING  
17 ALONG THE EAST LINE OF THE 47.1315 ACRE KRAHN TRACT, PASSING THE  
18 NORTHEAST CORNER AT 17.24 FEET, CONTINUING IN THE EAST LINE OF THAT  
19 CERTAIN 20.00 FOOT WIDE ACCESS EASEMENT, RECORDED UNDER COUNTY  
20 CLERK'S FILE NUMBER E658958, FILM CODE NUMBER 134-09-1033, OFFICIAL  
21 PUBLIC RECORDS OF REAL PROPERTY, HARRIS COUNTY, AND ALONG THE WEST  
22 LINE OF SAID 14.2194 ACRE TRACT AND ALONG A WIRE FENCE, IN ALL A  
23 DISTANCE OF 1884.28 FEET TO A 12 INCH FENCE CORNER POST FOUND FOR  
24 THE NORTHWEST CORNER OF SAID 14.2194 ACRE TRACT OF LAND, BEING THE  
25 NORTHEAST CORNER OF A CALLED 2.16 ACRE TRACT DESCRIBED UNDER HARRIS  
26 COUNTY CLERK'S FILE NUMBER C767820, BEING IN THE SOUTH RIGHT-OF-WAY  
27 LINE OF FM 2920, (120.00 FEET WIDE) AND BEING THE NORTHWEST CORNER



1 OF THE HEREIN DESCRIBED TRACT.  
2 THENCE SOUTH 89 DEGREES 42 MINUTES 00 SECONDS EAST, WITH THE SAID  
3 SOUTH RIGHT-OF-WAY LINE OF F.M. 2920 AND THE NORTH LINE OF SAID  
4 14.2194 ACRE TRACT OF LAND, A DISTANCE OF 834.47 TO A 3/4 INCH IRON  
5 ROD FOUND FOR THE NORTHEAST CORNER OF THE HEREIN DESCRIBED TRACT;  
6 THENCE SOUTH 00 DEGREES 18 MINUTES 00 SECONDS WEST, DEPARTING SAID  
7 RIGHT-OF-WAY LINE, A DISTANCE OF 208.71 FEET TO A 3/4 INCH ROD FOUND  
8 IN THE SOUTH LINE OF SAID 14.2194 ACRE TRACT FOR AN INTERIOR CORNER  
9 OF THE HEREIN DESCRIBED TRACT;  
10 THENCE SOUTH 89 DEGREES 40 MINUTES 44 SECONDS EAST, ALONG THE SOUTH  
11 LINE OF SAID 14-2194 ACRE TRACT, THE RESIDUE OF SAID 354.0585 ACRES,  
12 A DISTANCE OF 2104.88 FEET TO A 3/4 INCH IRON ROD FOUND FOR CORNER  
13 BEING THE SOUTHEAST CORNER OF JACK IN THE BOX #3980, ACCORDING TO  
14 THE PLAT RECORDED IN FILM CODE NO 568095 OF THE MAP RECORDS OF  
15 HARRIS COUNTY, TEXAS BEING IN THE WEST RIGHT-OF-WAY LINE OF TELGE  
16 ROAD, (60.00 FEET WIDE) AS MONUMENTED FROM WHICH AN OLD 2 INCH IRON  
17 PIPE FOUND MARKING THE NORTHEAST CORNER OF SAID 354.0585 ACRE TRACT  
18 AND SHOWN ON THE STATE HIGHWAY DEPARTMENT RIGHT-OF-WAY MAPS AS  
19 STATION 117-24 BEARS NORTH 00 DEGREES 05 MINUTES 11 SECONDS WEST,  
20 248.71 FEET;  
21 THENCE SOUTH 00 DEGREES 05 MINUTES 11 SECONDS EAST, ALONG THE WEST  
22 RIGHT-OF-WAY LINE OF SAID TELGE ROAD, A DISTANCE OF 1677.75 FEET TO  
23 A 3/4 INCH ROD FOUND FOR THE SOUTHEAST CORNER OF THE HEREIN  
24 DESCRIBED TRACT;  
25 THENCE NORTH 89 DEGREES 38 MINUTES 36 SECONDS WEST, DEPARTING SAID  
26 RIGHT-OF-WAY, IN THE COMMON LINE BETWEEN THIS TRACT AND TRACT TWO  
27 (2), CALLED 113.2797 ACRES, A DISTANCE OF 2955.79 FEET TO THE POINT

1 OF BEGINNING AND CONTAINING 117.4706 ACRES OF LAND, MORE OR LESS.  
2 SAVE AND EXCEPT TWO 1.250 ACE TRACTS FURTHER DESCRIBED AS FOLLOWS:  
3 TRACT II  
4 BEING 1.250 ACRE OF LAND, OUT OF 354.0585 ACRES, THE RESIDUE OF THE  
5 EAST ONE-HALF (1/2) OF THE WILL HURD SURVEY, ABSTRACT 377, HARRIS  
6 COUNTY, TEXAS, THE FRIZ W MARTIENS CALLED 320 ACRE TRACT, DEED FILED  
7 OF RECORD MARCH 06, 1899, IN VOLUME 110, PAGE 530, AND FURTHER  
8 DESCRIBED IN A DEED TO G.W.H. MARTENS, FILED OF RECORD NOVEMBER 15,  
9 1935, IN VOLUME 1001, PAGE 22, AS CONTAINING 357.7 ACRES; SAID 1.250  
10 ACRES MORE FULLY DESCRIBED AS FOLLOWS:  
11 COMMENCING AT A 12 INCH FENCE CORNER POST FOUND IN THE SOUTH  
12 RIGHT-OF-WAY LINE OF F.M. 2920 AS ACQUIRED BY HARRIS COUNTY BY  
13 RIGHT-OF-WAY DEED DATED SEPTEMBER 01, 1940, RECORDED IN VOLUME  
14 1254, PAGE 644, DEED RECORDS, HARRIS COUNTY, TEXAS AND AS SHOWN ON  
15 RIGHT-OF-WAY MAPS PREPARED BY HARRIS COUNTY, UPDATED 1966, SAID 12  
16 INCH FENCE CORNER POST MARKING OF THE NORTHWEST CORNER OF SAID  
17 354.0585 ACRE TRACT, LYING AND BEING SITUATED OUTH 00 DEGREES 18  
18 MINUTES 00 SECONDS WEST, 40.00 FEET FROM THE NORTHWEST CORNER OF  
19 SAID 357.7 ACRE TRACT;  
20 THENCE SOUTH 00 DEGREES 27 MINUTES 21 SECONDS WEST, WITH THE EAST  
21 LINE OF A 20 FOOT WIDE ACCESS EASEMENT, RECORDED UNDER HARRIS COUNTY  
22 CLERK'S FILE NUMBER E658958, THE WEST LINE OF SAID 354.0585 ACRE  
23 TRACT, AT 208.71 FEET PASS A 3/4 INCH IRON ROD FOUND FOR THE  
24 SOUTHWEST CORNER OF A CALLED 14.2194 ACRE TRACT, CONTINUING IN ALL,  
25 A DISTANCE OF 599.80 FEET TO A POINT FOR CORNER;  
26 THENCE SOUTH 89 DEGREES 42 MINUTES 00 SECONDS EAST, A DISTANCE OF  
27 214.12 FEET TO THE NORTHWEST CORNER AND POINT OF BEGINNING OF THE

1 HEREIN DESCRIBED TRACT, FROM WHICH A FENCE CORNER BEARS SOUTH 89  
2 DEGREES 20 MINUTES EAST, A DISTANCE OF 0.85 FEET;  
3 THENCE CONTINUING SOUTH 89 DEGREES 42 MINUTES 00 SECONDS EAST, A  
4 DISTANCE OF 208.71 FEET TO 3/4 INCH IRON ROD FOR CORNER;  
5 THENCE SOUTH 00 DEGREES 18 MINUTES 00 SECONDS WEST, A DISTANCE OF  
6 260.89 FEET TO A 3/4 INCH IRON ROD FOUND FOR CORNER;  
7 THENCE NORTH 89 DEGREES 42 MINUTES 00 SECONDS WEST, A DISTANCE OF  
8 208.71 FEET TO A POINT FOR THE SOUTHWEST CORNER, FROM WHICH A BENT  
9 3/4 INCH IRON ROD FOUND BEARS NORTH 05 DEGREES 03 MINUTES WEST, 0.58  
10 FEET;  
11 THENCE NORTH 00 DEGREES 18 MINUTES 00 SECONDS EAST, A DISTANCE OF  
12 260.89 FEET TO THE POINT OF BEGINNING AND CONTAINING 1.250 ACRES OF  
13 LAND, MORE OR LESS.

14 TRACT III

15 BEING 1.250 ACRE OF LAND, OUT OF 354.0585 ACRES, THE RESIDUE OF THE  
16 EAST ONE-HALF (1/2) OF THE WILL HURD SURVEY, ABSTRACT 377, HARRIS  
17 COUNTY, TEXAS, THE FRIZ W MARTIENS CALLED 320 ACRE TRACT, DEED FILED  
18 OF RECORD MARCH 06, 1899, IN VOLUME 110, PAGE 530, AND FURTHER  
19 DESCRIBED IN A DEED TO G.W.H. MARTENS, FILED OF RECORD NOVEMBER 15,  
20 1935, IN VOLUME 1001, PAGE 22, AS CONTAINING 357.7 ACRES; SAID 1.250  
21 ACRES MORE FULLY DESCRIBED AS FOLLOWS:

22 COMMENCING AT A 12 INCH FENCE CORNER POST FOUND IN THE SOUTH  
23 RIGHT-OF-WAY LINE OF F.M. 2920 AS ACQUIRED BY HARRIS COUNTY BY  
24 RIGHT-OF-WAY DEED DATED SEPTEMBER 01, 1940, RECORDED IN VOLUME  
25 1254, PAGE 644, DEED RECORDS, HARRIS COUNTY, TEXAS AND AS SHOWN ON  
26 RIGHT-OF-WAY MAPS PREPARED BY HARRIS COUNTY, UP-DATED 1968, SAID 12  
27 INCH FENCE CORNER POST MARKING OF THE NORTHWEST CORNER OF SAID

1 354.0585 ACRE TRACT, LYING AND BEING SITUATED SOUTH 00 DEGREES 18  
2 MINUTES 00 SECONDS WEST, 40.00 FEET FROM THE NORTHWEST CORNER OF  
3 SAID 357.7 ACRE TRACT;  
4 THENCE SOUTH 00 DEGREES 27 MINUTES 21 SECONDS WEST, WITH THE EAST  
5 LINE OF A 20 FOOT WIDE ACCESS EASEMENT, RECORDED UNDER HARRIS COUNTY  
6 CLERK'S FILE NUMBER E658958, THE WEST LINE OF SAID 354.0585 ACRE  
7 TRACT, AT 208.71 FEET PASS A 3/4 INCH IRON ROD FOUND FOR THE  
8 SOUTHWEST CORNER OF A CALLED 14.2194 ACRE TRACT, CONTINUING IN ALL,  
9 A DISTANCE OF 599.80 FEET TO A POINT FOR CORNER;  
10 THENCE SOUTH 89 DEGREES 42 MINUTES 00 SECONDS EAST, A DISTANCE OF  
11 422.83 FEET TO A 3/4 INCH ROD FOUND FOR THE NORTHWEST CORNER AND  
12 POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT,  
13 THENCE CONTINUING SOUTH 89 DEGREES 42 MINUTES 00 SECONDS EAST, A  
14 DISTANCE OF 208.71 FEET TO 3/4 INCH IRON ROD FOR CORNER;  
15 THENCE SOUTH 00 DEGREES 18 MINUTES 00 SECONDS WEST, A DISTANCE OF  
16 260.89 FEET TO A 3/4 INCH IRON ROD FOUND FOR CORNER;  
17 THENCE NORTH 89 DEGREES 42 MINUTES 00 SECONDS WEST, A DISTANCE OF  
18 208.71 FEET TO A 3/4 INCH IRON ROD FOUND FOR CORNER;  
19 THENCE NORTH 00 DEGREES 18 MINUTES 00 SECONDS EAST, A DISTANCE OF  
20 260.89 FEET TO THE POINT OF BEGINNING AND CONTAINING 1.250 ACRES OF  
21 LAND, MORE OR LESS.

22 SECTION 3. (a) The legal notice of the intention to  
23 introduce this Act, setting forth the general substance of this  
24 Act, has been published as provided by law, and the notice and a  
25 copy of this Act have been furnished to all persons, agencies,  
26 officials, or entities to which they are required to be furnished  
27 under Section 59, Article XVI, Texas Constitution, and Chapter 313,

1 Government Code.

2 (b) The governor, one of the required recipients, has  
3 submitted the notice and Act to the Texas Commission on  
4 Environmental Quality.

5 (c) The Texas Commission on Environmental Quality has filed  
6 its recommendations relating to this Act with the governor,  
7 lieutenant governor, and speaker of the house of representatives  
8 within the required time.

9 (d) The general law relating to consent by political  
10 subdivisions to the creation of districts with conservation,  
11 reclamation, and road powers and the inclusion of land in those  
12 districts has been complied with.

13 (e) All requirements of the constitution and laws of this  
14 state and the rules and procedures of the legislature with respect  
15 to the notice, introduction, and passage of this Act have been  
16 fulfilled and accomplished.

17 SECTION 4. This Act takes effect immediately if it receives  
18 a vote of two-thirds of all the members elected to each house, as  
19 provided by Section 39, Article III, Texas Constitution. If this  
20 Act does not receive the vote necessary for immediate effect, this  
21 Act takes effect September 1, 2017.