

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Bell of Montgomery

H.B. No. 4644

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Wood Trace Management District of Montgomery County, Texas; 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 3967 to read as follows:

CHAPTER 3967. WOOD TRACE MANAGEMENT DISTRICT OF MONTGOMERY COUNTY,

TEXAS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3967.0101. DEFINITIONS. In this chapter:

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

(2) "County" means Montgomery County.

(3) "Director" means a board member.

(4) "District" means the Wood Trace Management District of Montgomery County, Texas.

Sec. 3967.0102. CREATION AND NATURE OF DISTRICT; IMMUNITY.

(a) The district is a special district created under Section 59, Article XVI, Texas Constitution.

(b) The district is a governmental unit, as provided by Section 375.004, Local Government Code.

(c) This chapter does not waive any governmental or sovereign immunity from suit, liability, or judgment that would otherwise apply to the district.

1       Sec. 3967.0103. PURPOSE; DECLARATION OF INTENT. (a) The  
2 creation of the district is essential to accomplish the purposes of  
3 Sections 52 and 52-a, Article III, and Section 59, Article XVI,  
4 Texas Constitution, and other public purposes stated in this  
5 chapter. By creating the district, the legislature has established  
6 a program to accomplish the public purposes set out in Sections 52  
7 and 52-a, Article III, Texas Constitution.

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

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

19       Sec. 3967.0104. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

20       (a) The district is created to serve a public use and benefit.

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

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

1           (1) developing and diversifying the economy of the  
2 state;

3           (2) eliminating unemployment and underemployment; and

4           (3) developing or expanding transportation and  
5 commerce.

6           (d) The district will:

7           (1) promote the health, safety, and general welfare of  
8 residents, employers, potential employees, employees, visitors,  
9 and consumers in the district, and of the public;

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

13           (3) promote the health, safety, welfare, and enjoyment  
14 of the public by providing pedestrian ways, transit facilities,  
15 parking facilities, and public art objects, and by landscaping and  
16 developing certain areas in the district, which are necessary for  
17 the restoration, preservation, and enhancement of scenic beauty;  
18 and

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

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

26           (f) The district will not act as the agent or  
27 instrumentality of any private interest even though the district

1 will benefit many private interests as well as the public.

2 Sec. 3967.0105. DISTRICT TERRITORY. (a) The district is  
3 initially composed of the territory described by Section 2 of the  
4 Act enacting this chapter.

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

9 (1) organization, existence, or validity;

10 (2) right to issue any type of bonds for a purpose for  
11 which the district is created or to pay the principal of and  
12 interest on the bonds;

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

14 (4) legality or operation.

15 Sec. 3967.0106. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.

16 All or any part of the area of the district is eligible to be  
17 included in:

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

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

22 (3) an enterprise zone created under Chapter 2303,  
23 Government Code; or

24 (4) an industrial district created under Chapter 42,  
25 Local Government Code.

26 Sec. 3967.0107. APPLICABILITY OF MUNICIPAL MANAGEMENT  
27 DISTRICTS LAW. Except as otherwise provided by this chapter,



1 Chapter 375, Local Government Code, applies to the district.

2 Sec. 3967.0108. LIBERAL CONSTRUCTION OF CHAPTER. This  
3 chapter shall be liberally construed in conformity with the  
4 findings and purposes stated in this chapter.

5 Sec. 3967.0109. CONFLICTS OF LAW. This chapter prevails  
6 over any provision of general law, including a provision of Chapter  
7 375, Local Government Code, or Chapter 49, Water Code, that is in  
8 conflict or inconsistent with this chapter.

9 SUBCHAPTER B. BOARD OF DIRECTORS

10 Sec. 3967.0201. GOVERNING BODY; TERMS. (a) The district is  
11 governed by a board of five directors elected or appointed as  
12 provided by this chapter and Subchapter D, Chapter 49, Water Code.

13 (b) Except as provided by Section 3967.0203, directors  
14 serve staggered four-year terms.

15 Sec. 3967.0202. COMPENSATION. A director is entitled to  
16 receive fees of office and reimbursement for actual expenses as  
17 provided by Section 49.060, Water Code. Sections 375.069 and  
18 375.070, Local Government Code, do not apply to the board.

19 Sec. 3967.0203. TEMPORARY DIRECTORS. (a) On or after the  
20 effective date of the Act creating this chapter, the owner or owners  
21 of a majority of the assessed value of the real property in the  
22 district according to the most recent certified tax appraisal roll  
23 for the county may submit a petition to the Texas Commission on  
24 Environmental Quality requesting that the commission appoint as  
25 temporary directors the five persons named in the petition. The  
26 commission shall appoint as temporary directors the five persons  
27 named in the petition.

1       (b) The temporary or successor temporary directors shall  
2 hold an election to elect five permanent directors as provided by  
3 Section 49.102, Water Code.

4       (c) Temporary directors serve until the earlier of:

5           (1) the date permanent directors are elected under  
6 Subsection (b); or

7           (2) the fourth anniversary of the effective date of  
8 the Act creating this chapter.

9       (d) If permanent directors have not been elected under  
10 Subsection (b) and the terms of the temporary directors have  
11 expired, successor temporary directors shall be appointed or  
12 reappointed as provided by Subsection (e) to serve terms that  
13 expire on the earlier of:

14           (1) the date permanent directors are elected under  
15 Subsection (b); or

16           (2) the fourth anniversary of the date of the  
17 appointment or reappointment.

18       (e) If Subsection (d) applies, the owner or owners of a  
19 majority of the assessed value of the real property in the district  
20 according to the most recent certified tax appraisal roll for the  
21 county may submit a petition to the Texas Commission on  
22 Environmental Quality requesting that the commission appoint as  
23 successor temporary directors the five persons named in the  
24 petition. The commission shall appoint as successor temporary  
25 directors the five persons named in the petition.

26       Sec. 3967.0204. DISQUALIFICATION OF DIRECTORS. Section  
27 49.052, Water Code, applies to the members of the board.

1                   SUBCHAPTER C. POWERS AND DUTIES

2           Sec. 3967.0301. GENERAL POWERS AND DUTIES. The district  
3 has the powers and duties necessary to accomplish the purposes for  
4 which the district is created.

5           Sec. 3967.0302. IMPROVEMENT PROJECTS AND SERVICES. (a)  
6 The district may provide, design, construct, acquire, improve,  
7 relocate, operate, maintain, or finance an improvement project or  
8 service using money available to the district for that purpose, or  
9 contract with a governmental or private entity to provide, design,  
10 construct, acquire, improve, relocate, operate, maintain, or  
11 finance an improvement project or service authorized under this  
12 chapter or under Chapter 375, Local Government Code.

13           (b) The implementation of a district project or service is a  
14 governmental function or service for the purposes of Chapter 791,  
15 Government Code.

16           Sec. 3967.0303. RECREATIONAL FACILITIES. The district may  
17 develop or finance recreational facilities as authorized by Chapter  
18 375, Local Government Code, Sections 52 and 52-a, Article III,  
19 Texas Constitution, Section 59, Article XVI, Texas Constitution,  
20 and any other law that applies to the district.

21           Sec. 3967.0304. AUTHORITY FOR ROAD PROJECTS. Under Section  
22 52, Article III, Texas Constitution, the district may own, operate,  
23 maintain, design, acquire, construct, finance, issue bonds, notes,  
24 or other obligations for, improve, and convey to this state, a  
25 county, or a municipality for ownership, operation, and maintenance  
26 macadamized, graveled, or paved roads or improvements, including  
27 storm drainage, in aid of those roads.

1       Sec. 3967.0305. CONVEYANCE AND APPROVAL OF ROAD PROJECT.

2       (a) The district may convey a road project authorized by Section  
3 3967.0304 to:

4               (1) a municipality or county that will operate and  
5 maintain the road if the municipality or county has approved the  
6 plans and specifications of the road project; or

7               (2) the state if the state will operate and maintain  
8 the road and the Texas Transportation Commission has approved the  
9 plans and specifications of the road project.

10       (b) Except as provided by Subsection (c), the district shall  
11 operate and maintain a road project authorized by Section 3967.0304  
12 that the district implements and does not convey to a municipality,  
13 a county, or this state under Subsection (a).

14       (c) The district may agree in writing with a municipality, a  
15 county, or this state to assign operation and maintenance duties to  
16 the district, the municipality, the county, or this state in a  
17 manner other than the manner described in Subsections (a) and (b).

18       Sec. 3967.0306. NONPROFIT CORPORATION. (a) The board by  
19 resolution may authorize the creation of a nonprofit corporation to  
20 assist and act for the district in implementing a project or  
21 providing a service authorized by this chapter.

22       (b) The nonprofit corporation:

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

26               (2) may implement any project and provide any service  
27 authorized by this chapter.

1       (c) The board shall appoint the board of directors of the  
2 nonprofit corporation. The board of directors of the nonprofit  
3 corporation shall serve in the same manner as the board of directors  
4 of a local government corporation created under Subchapter D,  
5 Chapter 431, Transportation Code, except that a board member is not  
6 required to reside in the district.

7       Sec. 3967.0307. LAW ENFORCEMENT SERVICES. Section 49.216,  
8 Water Code, applies to the district.

9       Sec. 3967.0308. MEMBERSHIP IN CHARITABLE ORGANIZATIONS.  
10 The district may join and pay dues to a charitable or nonprofit  
11 organization that performs a service or provides an activity  
12 consistent with the furtherance of a district purpose.

13       Sec. 3967.0309. ECONOMIC DEVELOPMENT. (a) The district  
14 may engage in activities that accomplish the economic development  
15 purposes of the district.

16       (b) The district may establish and provide for the  
17 administration of one or more programs to promote state or local  
18 economic development and to stimulate business and commercial  
19 activity in the district, including programs to:

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

21               (2) provide district personnel and services.

22       (c) The district may create economic development programs  
23 and exercise the economic development powers that:

24               (1) Chapter 380, Local Government Code, provides to a  
25 municipality; and

26               (2) Subchapter A, Chapter 1509, Government Code,  
27 provides to a municipality.

1       Sec. 3967.0310. STRATEGIC PARTNERSHIP AGREEMENT. The  
2 district may negotiate and enter into a written strategic  
3 partnership agreement with a municipality under Section 43.0751,  
4 Local Government Code.

5       Sec. 3967.0311. REGIONAL PARTICIPATION AGREEMENT. The  
6 district may negotiate and enter into a written regional  
7 participation agreement with a municipality under Section 43.0754,  
8 Local Government Code.

9       Sec. 3967.0312. PARKING FACILITIES. (a) The district may  
10 acquire, lease as lessor or lessee, construct, develop, own,  
11 operate, and maintain parking facilities or a system of parking  
12 facilities, including lots, garages, parking terminals, or other  
13 structures or accommodations for parking motor vehicles off the  
14 streets and related appurtenances.

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

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

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

24       Sec. 3967.0313. ADDING OR EXCLUDING LAND. (a) The district  
25 may add land in the manner provided by Subchapter J, Chapter 49,  
26 Water Code.

27       (b) The district may exclude land as provided by Subchapter

1 J, Chapter 49, Water Code. Section 375.044(b), Local Government  
2 Code, does not apply to the district.

3 (c) The district may include and exclude land as provided by  
4 Sections 54.739-54.747, Water Code. A reference in those sections  
5 to a "tax" means an ad valorem tax for the purposes of this  
6 subsection.

7 (d) If the district adopts a sales and use tax authorized at  
8 an election held under Section 3967.0602 and subsequently includes  
9 new territory in the district under this section, the district:

10 (1) is not required to hold another election to  
11 approve the imposition of the sales and use tax in the included  
12 territory; and

13 (2) shall impose the sales and use tax in the included  
14 territory as provided by Chapter 321, Tax Code.

15 (e) If the district adopts a sales and use tax authorized at  
16 an election held under Section 3967.0602 and subsequently excludes  
17 territory in the district under this section, the sales and use tax  
18 is inapplicable to the excluded territory, as provided by Chapter  
19 321, Tax Code, but is applicable to the territory remaining in the  
20 district.

21 Sec. 3967.0314. DISBURSEMENTS AND TRANSFERS OF MONEY. The  
22 board by resolution shall establish the number of directors'  
23 signatures and the procedure required for a disbursement or  
24 transfer of district money.

25 Sec. 3967.0315. AUDIT EXEMPTION. (a) The district may  
26 elect to complete an annual financial report in lieu of an annual  
27 audit under Section 375.096(a)(6), Local Government Code, if:

1           (1) the district had no bonds or other long-term (more  
2 than one year) liabilities outstanding during the fiscal period;

3           (2) the district did not have gross receipts from  
4 operations, loans, taxes, assessments, or contributions in excess  
5 of \$250,000 during the fiscal period; and

6           (3) the district's cash and temporary investments were  
7 not in excess of \$250,000 during the fiscal period.

8           (b) Each annual financial report prepared in accordance  
9 with this section must be open to public inspection and accompanied  
10 by an affidavit signed by a duly authorized representative of the  
11 district attesting to the accuracy and authenticity of the  
12 financial report.

13           (c) The annual financial report and affidavit shall be  
14 substantially similar in form to the annual financial report and  
15 affidavit forms prescribed by the executive director of the Texas  
16 Commission on Environmental Quality under Section 49.198, Water  
17 Code.

18           Sec. 3967.0316. NO EMINENT DOMAIN POWER. The district may  
19 not exercise the power of eminent domain.

20                                   SUBCHAPTER D. ASSESSMENTS

21           Sec. 3967.0401. PETITION REQUIRED FOR FINANCING SERVICES  
22 AND IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a  
23 service or improvement project with assessments under this chapter  
24 unless a written petition requesting that service or improvement  
25 has been filed with the board.

26           (b) The petition must be signed by the owners of a majority  
27 of the assessed value of real property in the district subject to



1 assessment according to the most recent certified tax appraisal  
2 roll for the county.

3 Sec. 3967.0402. METHOD OF NOTICE FOR HEARING. The district  
4 may mail the notice required by Section 375.115(c), Local  
5 Government Code, by certified or first class United States mail.  
6 The board shall determine the method of notice.

7 Sec. 3967.0403. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a)  
8 The board by resolution may impose and collect an assessment for any  
9 purpose authorized by this chapter in all or any part of the  
10 district.

11 (b) An assessment, a reassessment, or an assessment  
12 resulting from an addition to or correction of the assessment roll  
13 by the district, penalties and interest on an assessment or  
14 reassessment, an expense of collection, and reasonable attorney's  
15 fees incurred by the district are:

16 (1) a first and prior lien against the property  
17 assessed;

18 (2) superior to any other lien or claim other than a  
19 lien or claim for county, school district, or municipal ad valorem  
20 taxes; and

21 (3) the personal liability of and a charge against the  
22 owners of the property even if the owners are not named in the  
23 assessment proceedings.

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

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

5                   SUBCHAPTER E. TAXES AND BONDS

6       Sec. 3967.0501. TAX ELECTION REQUIRED. The district must  
7 hold an election in the manner provided by Chapter 49, Water Code,  
8 or, if applicable, Chapter 375, Local Government Code, to obtain  
9 voter approval before the district may impose an ad valorem tax.

10       Sec. 3967.0502. OPERATION AND MAINTENANCE TAX. (a) If  
11 authorized by a majority of the district voters voting at an  
12 election under Section 3967.0501, the district may impose an  
13 operation and maintenance tax on taxable property in the district  
14 in the manner provided by Section 49.107, Water Code, for any  
15 district purpose, including to:

16                   (1) maintain and operate the district;

17                   (2) construct or acquire improvements; or

18                   (3) provide a service.

19       (b) The board shall determine the operation and maintenance  
20 tax rate. The rate may not exceed the rate approved at the  
21 election.

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

24       Sec. 3967.0503. AUTHORITY TO BORROW MONEY AND TO ISSUE  
25 BONDS AND OTHER OBLIGATIONS. (a) The district may borrow money on  
26 terms determined by the board.

27       (b) The district may, by competitive bid or negotiated sale,

1 issue bonds, notes, or other obligations payable wholly or partly  
2 from ad valorem taxes, assessments, impact fees, revenue, contract  
3 payments, grants, or other district money, or any combination of  
4 those sources of money, to pay for any authorized district purpose.

5 (c) The limitation on the outstanding principal amount of  
6 bonds, notes, or other obligations provided by Section 49.4645,  
7 Water Code, does not apply to the district.

8 Sec. 3967.0504. BONDS SECURED BY REVENUE OR CONTRACT  
9 PAYMENTS. The district may issue, without an election, bonds  
10 secured by:

11 (1) revenue other than ad valorem taxes, including  
12 contract revenues; or

13 (2) contract payments, provided that the requirements  
14 of Section 49.108, Water Code, have been met.

15 Sec. 3967.0505. BONDS SECURED BY AD VALOREM TAXES;  
16 ELECTIONS. (a) If authorized at an election under Section  
17 3967.0501, the district may issue bonds payable from ad valorem  
18 taxes.

19 (b) Section 375.243, Local Government Code, does not apply  
20 to the district.

21 (c) At the time the district issues bonds payable wholly or  
22 partly from ad valorem taxes, the board shall provide for the annual  
23 imposition of a continuing direct annual ad valorem tax, without  
24 limit as to rate or amount, for each year that all or part of the  
25 bonds are outstanding as required and in the manner provided by  
26 Sections 54.601 and 54.602, Water Code.

27 (d) All or any part of any facilities or improvements that

1 may be acquired by a district by the issuance of its bonds may be  
2 submitted as a single proposition or as several propositions to be  
3 voted on at the election.

4 Sec. 3967.0506. CONSENT OF MUNICIPALITY REQUIRED. (a) The  
5 board may not issue bonds until each municipality in whose  
6 corporate limits or extraterritorial jurisdiction the district is  
7 located has consented by ordinance or resolution to the creation of  
8 the district and to the inclusion of land in the district.

9 (b) This section applies only to the district's first  
10 issuance of bonds payable from ad valorem taxes.

11 SUBCHAPTER F. SALES AND USE TAX

12 Sec. 3967.0601. APPLICABILITY OF CERTAIN TAX CODE  
13 PROVISIONS. (a) Chapter 321, Tax Code, governs the imposition,  
14 computation, administration, enforcement, and collection of the  
15 sales and use tax authorized by this subchapter except to the extent  
16 Chapter 321, Tax Code, is inconsistent with this chapter.

17 (b) A reference in Chapter 321, Tax Code, to a municipality  
18 or the governing body of a municipality is a reference to the  
19 district or the board, respectively.

20 Sec. 3967.0602. ELECTION; ADOPTION OF TAX. (a) The  
21 district may adopt a sales and use tax if authorized by a majority  
22 of the voters of the district voting at an election held for that  
23 purpose.

24 (b) The board by order may call an election to authorize the  
25 adoption of the sales and use tax. The election may be held on any  
26 uniform election date and in conjunction with any other district  
27 election.

1       (c) The ballot shall be printed to provide for voting for or  
2 against the proposition: "Authorization of a sales and use tax in  
3 the Wood Trace Management District of Montgomery County, Texas, at  
4 a rate not to exceed \_\_\_\_\_ percent" (insert rate of one or more  
5 increments of one-eighth of one percent).

6       Sec. 3967.0603. SALES AND USE TAX RATE. (a) On or after the  
7 date the results are declared of an election held under Section  
8 3967.0602, at which the voters approved imposition of the tax  
9 authorized by this subchapter, the board shall determine and adopt  
10 by resolution or order the initial rate of the tax, which must be in  
11 one or more increments of one-eighth of one percent.

12       (b) After the election held under Section 3967.0602, the  
13 board may increase or decrease the rate of the tax by one or more  
14 increments of one-eighth of one percent.

15       (c) The initial rate of the tax or any rate resulting from  
16 subsequent increases or decreases may not exceed the lesser of:

17               (1) the maximum rate authorized by the district voters  
18 at the election held under Section 3967.0602; or

19               (2) a rate that, when added to the rates of all sales  
20 and use taxes imposed by other political subdivisions with  
21 territory in the district, would result in the maximum combined  
22 rate prescribed by Section 321.101(f), Tax Code, at any location in  
23 the district.

24       Sec. 3967.0604. TAX AFTER MUNICIPAL ANNEXATION. (a) This  
25 section applies to the district after a municipality annexes part  
26 of the territory in the district and imposes the municipality's  
27 sales and use tax in the annexed territory.

1       (b) If at the time of annexation the district has  
2 outstanding debt or other obligations payable wholly or partly from  
3 district sales and use tax revenue, Section 321.102(g), Tax Code,  
4 applies to the district.

5       (c) If at the time of annexation the district does not have  
6 outstanding debt or other obligations payable wholly or partly from  
7 district sales and use tax revenue, the district may:

8           (1) exclude the annexed territory from the district,  
9 if the district has no outstanding debt or other obligations  
10 payable from any source; or

11           (2) reduce the sales and use tax in the annexed  
12 territory by resolution or order of the board to a rate that, when  
13 added to the sales and use tax rate imposed by the municipality in  
14 the annexed territory, is equal to the sales and use tax rate  
15 imposed by the district in the district territory that was not  
16 annexed by the municipality.

17       Sec. 3967.0605. NOTIFICATION OF RATE CHANGE. The board  
18 shall notify the comptroller of any changes made to the tax rate  
19 under this subchapter in the same manner the municipal secretary  
20 provides notice to the comptroller under Section 321.405(b), Tax  
21 Code.

22       Sec. 3967.0606. USE OF REVENUE. Revenue from the sales and  
23 use tax imposed under this subchapter is for the use and benefit of  
24 the district and may be used for any district purpose. The district  
25 may pledge all or part of the revenue to the payment of bonds,  
26 notes, or other obligations, and that pledge of revenue may be in  
27 combination with other revenue, including tax revenue, available to

1 the district.

2 Sec. 3967.0607. ABOLITION OF TAX. (a) Except as provided  
3 by Subsection (b), the board may abolish the tax imposed under this  
4 subchapter without an election.

5 (b) The board may not abolish the tax imposed under this  
6 subchapter if the district has outstanding debt secured by the tax,  
7 and repayment of the debt would be impaired by the abolition of the  
8 tax.

9 (c) If the board abolishes the tax, the board shall notify  
10 the comptroller of that action in the same manner the municipal  
11 secretary provides notice to the comptroller under Section  
12 321.405(b), Tax Code.

13 (d) If the board abolishes the tax or decreases the tax rate  
14 to zero, a new election to authorize a sales and use tax must be held  
15 under Section 3967.0602 before the district may subsequently impose  
16 the tax.

17 (e) This section does not apply to a decrease in the sales  
18 and use tax authorized under Section 3967.0604(c)(2).

19 SUBCHAPTER G. HOTEL OCCUPANCY TAX

20 Sec. 3967.0701. DEFINITION. In this subchapter, "hotel"  
21 has the meaning assigned by Section 156.001, Tax Code.

22 Sec. 3967.0702. APPLICABILITY OF CERTAIN TAX CODE  
23 PROVISIONS. (a) For purposes of this subchapter:

24 (1) a reference in Subchapter A, Chapter 352, Tax  
25 Code, to a county is a reference to the district; and

26 (2) a reference in Subchapter A, Chapter 352, Tax  
27 Code, to the commissioners court is a reference to the board.

1       (b) Except as inconsistent with this subchapter, Subchapter  
2 A, Chapter 352, Tax Code, governs a hotel occupancy tax authorized  
3 by this subchapter, including the collection of the tax, subject to  
4 the limitations prescribed by Sections 352.002(b) and (c), Tax  
5 Code.

6       Sec. 3967.0703. TAX AUTHORIZED; USE OF REVENUE. The  
7 district may impose a hotel occupancy tax for any purpose described  
8 by Section 351.101 or 352.101, Tax Code.

9       Sec. 3967.0704. TAX RATE. (a) The amount of the hotel  
10 occupancy tax may not exceed the lesser of:

11           (1) the maximum rate prescribed by Section 352.003(a),  
12 Tax Code; or

13           (2) a rate that, when added to the rates of all hotel  
14 occupancy taxes imposed by other political subdivisions with  
15 territory in the district and by this state, does not exceed the sum  
16 of the rate prescribed by Section 351.0025(b), Tax Code, plus two  
17 percent.

18       (b) The district tax is in addition to a tax imposed by a  
19 municipality under Chapter 351, Tax Code, or by the county under  
20 Chapter 352, Tax Code.

21       Sec. 3967.0705. INFORMATION. The district may examine and  
22 receive information related to the imposition of hotel occupancy  
23 taxes to the same extent as if the district were a county.

24       Sec. 3967.0706. USE OF REVENUE. The district may use  
25 revenue from the hotel occupancy tax for any district purpose that  
26 is an authorized use of hotel occupancy tax revenue under Chapter  
27 351 or 352, Tax Code. The district may pledge all or part of the



1 revenue to the payment of bonds, notes, or other obligations and  
2 that pledge of revenue may be in combination with other revenue  
3 available to the district.

4 Sec. 3967.0707. ABOLITION OF TAX. (a) Except as provided  
5 by Subsection (b), the board may abolish the tax imposed under this  
6 subchapter.

7 (b) The board may not abolish the tax imposed under this  
8 subchapter if the district has outstanding debt secured by the tax,  
9 and repayment of the debt would be impaired by the abolition of the  
10 tax.

11 SUBCHAPTER I. DISSOLUTION BY BOARD

12 Sec. 3967.0901. DISSOLUTION OF DISTRICT WITH OUTSTANDING  
13 DEBT. (a) The board may dissolve the district regardless of  
14 whether the district has debt. Section 375.264, Local Government  
15 Code, does not apply to the district.

16 (b) If the district has debt when it is dissolved, the  
17 district shall remain in existence solely for the purpose of  
18 discharging its debts. The dissolution is effective when all debts  
19 have been discharged.

20 SECTION 2. The Wood Trace Management District of Montgomery  
21 County, Texas, initially includes all the territory contained in  
22 the following area:

23 Being a 92.63-acre tract of land, located in the Andrew J.  
24 Hensley, Abstract No. 255 in Montgomery County, Texas; said  
25 92.63-acre tract being out of a called 2,253.2253-acre tract of  
26 land conveyed to Terra Investments, LP in Clerk's File Number  
27 2004023496 of the Official Public Records of Real Property of

1 Montgomery County Texas (O.P.R.R.P.M.C.T.); said 92.63-acre tract  
2 being more particularly described by metes and bounds as follows  
3 (all bearings are referenced to the north line of said  
4 2,253.2253-acre tract):

5 Beginning at a 5/8-inch iron rod with aluminum cap found at  
6 the northwest corner of a called 10.0000-acre tract of land  
7 recorded in Clerk's File Number 9350680 of the O.P.R.R.P.M.C.T.,  
8 same being on the west line of said called 2,253.2253-acre tract and  
9 the east right-of-way (R.O.W.) line of Highway 149 (60-feet wide);

10 1. Thence, with the common line of said Highway 149 and said  
11 called 2,253.2253-acre tract, North 08 degrees 35 minutes 16  
12 seconds West, a distance of 620.67 feet;

13 2. Thence, continuing with said common line, 291.17 feet  
14 along the arc of a curve to the right, said curve having a central  
15 angle of 05 degrees 59 minutes 03 seconds, a radius of 2,787.83 feet  
16 and a chord that bears North 05 degrees 35 minutes 45 seconds West,  
17 a distance of 291.04 feet;

18 3. Thence, with the northwest line of said called  
19 2,253.2253-acre tract, North 42 degrees 18 minutes 44 seconds East,  
20 a distance of 1,390.50 feet;

21 4. Thence, continuing with the northwest line of said called  
22 2,253.2253-acre tract, North 43 degrees 05 minutes 06 seconds East,  
23 a distance of 188.90 feet to the most westerly corner of a called  
24 34.6647-acre tract of land recorded in Clerk's File Number  
25 2018021947 of the O.P.R.R.P.M.C.T.;

26 Thence, with the west line of said called 34.6647-acre tract,  
27 the following five (5) courses:

1           5. 1,433.79 feet along the arc of a curve to the right, said  
2 curve having a central angle of 30 degrees 49 minutes 40 seconds, a  
3 radius of 2,664.79 feet and a chord that bears South 25 degrees 30  
4 minutes 44 seconds East, a distance of 1,416.55 feet;

5           6. South 10 degrees 05 minutes 54 seconds East, a distance of  
6 415.32 feet;

7           7. South 10 degrees 05 minutes 54 seconds East, a distance of  
8 300.00 feet;

9           8. South 10 degrees 05 minutes 54 seconds East, a distance of  
10 516.07 feet;

11          9. 1,088.92 feet along the arc of a curve to the left, said  
12 curve having a central angle of 10 degrees 31 minutes 19 seconds, a  
13 radius of 5,929.58 feet and a chord that bears South 15 degrees 21  
14 minutes 34 seconds East, a distance of 1,087.39 feet to the south  
15 corner of aforesaid called 34.6647-acre tract, same being a  
16 northwesterly line of a called 12.500-acre tract of land recorded  
17 in Clerk's File Number 2014032464 of the O.P.R.R.P.M.C.T. and a  
18 southeasterly interior line of aforesaid called 2,253.2253-acre  
19 tract;

20          10. Thence, with the common line of said called 12.500-acre  
21 tract and said called 2,253.2253-acre tract, South 41 degrees 39  
22 minutes 24 seconds West, a distance of 434.22 feet to a westerly  
23 corner of said called 2,253.2253-acre tract;

24          11. Thence, with the southwest line of said called  
25 2,253.2253-acre tract, North 47 degrees 46 minutes 25 seconds West,  
26 a distance of 1,585.59 feet to the south corner of aforesaid called  
27 10.0000-acre tract;

1 Thence, with the east and north lines of said called  
2 10.0000-acre tract, the following six (6) courses:

3 12. North 42 degrees 13 minutes 34 seconds East, a distance  
4 of 435.59 feet;

5 13. North 30 degrees 32 minutes 17 seconds West, a distance  
6 of 629.68 feet;

7 14. South 81 degrees 24 minutes 44 seconds West, a distance  
8 of 342.11 feet;

9 15. South 54 degrees 50 minutes 52 seconds West, a distance  
10 of 44.73 feet;

11 16. South 08 degrees 35 minutes 16 seconds East, a distance  
12 of 30.00 feet;

13 17. South 81 degrees 24 minutes 44 seconds West, a distance  
14 of 200.00 feet to the Point of Beginning and containing 92.63 acres  
15 of land.

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

23 (b) The governor, one of the required recipients, has  
24 submitted the notice and Act to the Texas Commission on  
25 Environmental Quality.

26 (c) The Texas Commission on Environmental Quality has filed  
27 its recommendations relating to this Act with the governor,

1 lieutenant governor, and speaker of the house of representatives  
2 within the required time.

3 (d) All requirements of the constitution and laws of this  
4 state and the rules and procedures of the legislature with respect  
5 to the notice, introduction, and passage of this Act have been  
6 fulfilled and accomplished.

7 SECTION 4. This Act takes effect immediately if it receives  
8 a vote of two-thirds of all the members elected to each house, as  
9 provided by Section 39, Article III, Texas Constitution. If this  
10 Act does not receive the vote necessary for immediate effect, this  
11 Act takes effect September 1, 2019.

ADOPTED

MAY 22 2019

*Letty Spaul*  
Secretary of the Senate

By: Bell/Creighton

H.B. No. 4644

Substitute the following for H.B. No. 4644 :

By: *Lucio*

C.S.     .B. No.     

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Wood Trace Management District of Montgomery County, Texas; 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 3967 to read as follows:

CHAPTER 3967. WOOD TRACE MANAGEMENT DISTRICT OF MONTGOMERY COUNTY, TEXAS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3967.0101. DEFINITIONS. In this chapter:

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

(2) "County" means Montgomery County.

(3) "Director" means a board member.

(4) "District" means the Wood Trace Management District of Montgomery County, Texas.

Sec. 3967.0102. CREATION AND NATURE OF DISTRICT; IMMUNITY.

(a) The district is a special district created under Section 59, Article XVI, Texas Constitution.

(b) The district is a governmental unit, as provided by Section 375.004, Local Government Code.

(c) This chapter does not waive any governmental or sovereign immunity from suit, liability, or judgment that would otherwise apply to the district.

1           Sec. 3967.0103. PURPOSE; DECLARATION OF INTENT. (a) The  
2 creation of the district is essential to accomplish the purposes of  
3 Sections 52 and 52-a, Article III, and Section 59, Article XVI,  
4 Texas Constitution, and other public purposes stated in this  
5 chapter. By creating the district, the legislature has established  
6 a program to accomplish the public purposes set out in Sections 52  
7 and 52-a, Article III, Texas Constitution.

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

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

19           Sec. 3967.0104. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

20           (a) The district is created to serve a public use and benefit.

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

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

1           (1) developing and diversifying the economy of the  
2 state;

3           (2) eliminating unemployment and underemployment; and

4           (3) developing or expanding transportation and  
5 commerce.

6           (d) The district will:

7           (1) promote the health, safety, and general welfare of  
8 residents, employers, potential employees, employees, visitors,  
9 and consumers in the district, and of the public;

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

13           (3) promote the health, safety, welfare, and enjoyment  
14 of the public by providing pedestrian ways, transit facilities,  
15 parking facilities, and public art objects, and by landscaping and  
16 developing certain areas in the district, which are necessary for  
17 the restoration, preservation, and enhancement of scenic beauty;  
18 and

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

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

26           (f) The district will not act as the agent or  
27 instrumentality of any private interest even though the district



1 will benefit many private interests as well as the public.

2 Sec. 3967.0105. DISTRICT TERRITORY. (a) The district is  
3 initially composed of the territory described by Section 2 of the  
4 Act enacting this chapter.

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

9 (1) organization, existence, or validity;

10 (2) right to issue any type of bonds for a purpose for  
11 which the district is created or to pay the principal of and  
12 interest on the bonds;

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

14 (4) legality or operation.

15 Sec. 3967.0106. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.  
16 All or any part of the area of the district is eligible to be  
17 included in:

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

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

22 (3) an enterprise zone created under Chapter 2303,  
23 Government Code; or

24 (4) an industrial district created under Chapter 42,  
25 Local Government Code.

26 Sec. 3967.0107. APPLICABILITY OF MUNICIPAL MANAGEMENT  
27 DISTRICTS LAW. Except as otherwise provided by this chapter,

1 Chapter 375, Local Government Code, applies to the district.

2 Sec. 3967.0108. LIBERAL CONSTRUCTION OF CHAPTER. This  
3 chapter shall be liberally construed in conformity with the  
4 findings and purposes stated in this chapter.

5 Sec. 3967.0109. CONFLICTS OF LAW. This chapter prevails  
6 over any provision of general law, including a provision of Chapter  
7 375, Local Government Code, or Chapter 49, Water Code, that is in  
8 conflict or inconsistent with this chapter.

9 SUBCHAPTER B. BOARD OF DIRECTORS

10 Sec. 3967.0201. GOVERNING BODY; TERMS. (a) The district is  
11 governed by a board of five directors elected or appointed as  
12 provided by this chapter and Subchapter D, Chapter 49, Water Code.

13 (b) Except as provided by Section 3967.0203, directors  
14 serve staggered four-year terms.

15 Sec. 3967.0202. COMPENSATION. A director is entitled to  
16 receive fees of office and reimbursement for actual expenses as  
17 provided by Section 49.060, Water Code. Sections 375.069 and  
18 375.070, Local Government Code, do not apply to the board.

19 Sec. 3967.0203. TEMPORARY DIRECTORS. (a) On or after the  
20 effective date of the Act creating this chapter, the owner or owners  
21 of a majority of the assessed value of the real property in the  
22 district according to the most recent certified tax appraisal roll  
23 for the county may submit a petition to the Texas Commission on  
24 Environmental Quality requesting that the commission appoint as  
25 temporary directors the five persons named in the petition. The  
26 commission shall appoint as temporary directors the five persons  
27 named in the petition.

1           (b) The temporary or successor temporary directors shall  
2 hold an election to elect five permanent directors as provided by  
3 Section 49.102, Water Code.

4           (c) Temporary directors serve until the earlier of:

5                 (1) the date permanent directors are elected under  
6 Subsection (b); or

7                 (2) the fourth anniversary of the effective date of  
8 the Act creating this chapter.

9           (d) If permanent directors have not been elected under  
10 Subsection (b) and the terms of the temporary directors have  
11 expired, successor temporary directors shall be appointed or  
12 reappointed as provided by Subsection (e) to serve terms that  
13 expire on the earlier of:

14                 (1) the date permanent directors are elected under  
15 Subsection (b); or

16                 (2) the fourth anniversary of the date of the  
17 appointment or reappointment.

18           (e) If Subsection (d) applies, the owner or owners of a  
19 majority of the assessed value of the real property in the district  
20 according to the most recent certified tax appraisal roll for the  
21 county may submit a petition to the Texas Commission on  
22 Environmental Quality requesting that the commission appoint as  
23 successor temporary directors the five persons named in the  
24 petition. The commission shall appoint as successor temporary  
25 directors the five persons named in the petition.

26           Sec. 3967.0204. DISQUALIFICATION OF DIRECTORS. Section  
27 49.052, Water Code, applies to the members of the board.

1                                 SUBCHAPTER C. POWERS AND DUTIES

2                 Sec. 3967.0301. GENERAL POWERS AND DUTIES. The district  
3 has the powers and duties necessary to accomplish the purposes for  
4 which the district is created.

5                 Sec. 3967.0302. IMPROVEMENT PROJECTS AND SERVICES. (a)  
6 The district may provide, design, construct, acquire, improve,  
7 relocate, operate, maintain, or finance an improvement project or  
8 service using money available to the district for that purpose, or  
9 contract with a governmental or private entity to provide, design,  
10 construct, acquire, improve, relocate, operate, maintain, or  
11 finance an improvement project or service authorized under this  
12 chapter or under Chapter 375, Local Government Code.

13                 (b) The implementation of a district project or service is a  
14 governmental function or service for the purposes of Chapter 791,  
15 Government Code.

16                 Sec. 3967.0303. RECREATIONAL FACILITIES. The district may  
17 develop or finance recreational facilities as authorized by Chapter  
18 375, Local Government Code, Sections 52 and 52-a, Article III,  
19 Texas Constitution, Section 59, Article XVI, Texas Constitution,  
20 and any other law that applies to the district.

21                 Sec. 3967.0304. AUTHORITY FOR ROAD PROJECTS. Under Section  
22 52, Article III, Texas Constitution, the district may own, operate,  
23 maintain, design, acquire, construct, finance, issue bonds, notes,  
24 or other obligations for, improve, and convey to this state, a  
25 county, or a municipality for ownership, operation, and maintenance  
26 macadamized, graveled, or paved roads or improvements, including  
27 storm drainage, in aid of those roads.

1           Sec. 3967.0305. CONVEYANCE AND APPROVAL OF ROAD PROJECT.

2    (a) The district may convey a road project authorized by Section  
3    3967.0304 to:

4           (1) a municipality or county that will operate and  
5    maintain the road if the municipality or county has approved the  
6    plans and specifications of the road project; or

7           (2) the state if the state will operate and maintain  
8    the road and the Texas Transportation Commission has approved the  
9    plans and specifications of the road project.

10          (b) Except as provided by Subsection (c), the district shall  
11    operate and maintain a road project authorized by Section 3967.0304  
12    that the district implements and does not convey to a municipality,  
13    a county, or this state under Subsection (a).

14          (c) The district may agree in writing with a municipality, a  
15    county, or this state to assign operation and maintenance duties to  
16    the district, the municipality, the county, or this state in a  
17    manner other than the manner described in Subsections (a) and (b).

18          Sec. 3967.0306. NONPROFIT CORPORATION. (a) The board by  
19    resolution may authorize the creation of a nonprofit corporation to  
20    assist and act for the district in implementing a project or  
21    providing a service authorized by this chapter.

22          (b) The nonprofit corporation:

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

26           (2) may implement any project and provide any service  
27    authorized by this chapter.

1           (c) The board shall appoint the board of directors of the  
2 nonprofit corporation. The board of directors of the nonprofit  
3 corporation shall serve in the same manner as the board of directors  
4 of a local government corporation created under Subchapter D,  
5 Chapter 431, Transportation Code, except that a board member is not  
6 required to reside in the district.

7           Sec. 3967.0307. LAW ENFORCEMENT SERVICES. Section 49.216,  
8 Water Code, applies to the district.

9           Sec. 3967.0308. MEMBERSHIP IN CHARITABLE ORGANIZATIONS.  
10 The district may join and pay dues to a charitable or nonprofit  
11 organization that performs a service or provides an activity  
12 consistent with the furtherance of a district purpose.

13           Sec. 3967.0309. ECONOMIC DEVELOPMENT. (a) The district  
14 may engage in activities that accomplish the economic development  
15 purposes of the district.

16           (b) The district may establish and provide for the  
17 administration of one or more programs to promote state or local  
18 economic development and to stimulate business and commercial  
19 activity in the district, including programs to:

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

21                   (2) provide district personnel and services.

22           (c) The district may create economic development programs  
23 and exercise the economic development powers that:

24                   (1) Chapter 380, Local Government Code, provides to a  
25 municipality; and

26                   (2) Subchapter A, Chapter 1509, Government Code,  
27 provides to a municipality.

1           Sec. 3967.0310. STRATEGIC PARTNERSHIP AGREEMENT. The  
2 district may negotiate and enter into a written strategic  
3 partnership agreement with a municipality under Section 43.0751,  
4 Local Government Code.

5           Sec. 3967.0311. REGIONAL PARTICIPATION AGREEMENT. The  
6 district may negotiate and enter into a written regional  
7 participation agreement with a municipality under Section 43.0754,  
8 Local Government Code.

9           Sec. 3967.0312. PARKING FACILITIES. (a) The district may  
10 acquire, lease as lessor or lessee, construct, develop, own,  
11 operate, and maintain parking facilities or a system of parking  
12 facilities, including lots, garages, parking terminals, or other  
13 structures or accommodations for parking motor vehicles off the  
14 streets and related appurtenances.

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

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

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

24           Sec. 3967.0313. ADDING OR EXCLUDING LAND. (a) The district  
25 may add land in the manner provided by Subchapter J, Chapter 49,  
26 Water Code.

27           (b) The district may exclude land as provided by Subchapter

1 J, Chapter 49, Water Code. Section 375.044(b), Local Government  
2 Code, does not apply to the district.

3 (c) The district may include and exclude land as provided by  
4 Sections 54.739-54.747, Water Code. A reference in those sections  
5 to a "tax" means an ad valorem tax for the purposes of this  
6 subsection.

7 (d) If the district adopts a sales and use tax authorized at  
8 an election held under Section 3967.0602 and subsequently includes  
9 new territory in the district under this section, the district:

10 (1) is not required to hold another election to  
11 approve the imposition of the sales and use tax in the included  
12 territory; and

13 (2) shall impose the sales and use tax in the included  
14 territory as provided by Chapter 321, Tax Code.

15 (e) If the district adopts a sales and use tax authorized at  
16 an election held under Section 3967.0602 and subsequently excludes  
17 territory in the district under this section, the sales and use tax  
18 is inapplicable to the excluded territory, as provided by Chapter  
19 321, Tax Code, but is applicable to the territory remaining in the  
20 district.

21 Sec. 3967.0314. DISBURSEMENTS AND TRANSFERS OF MONEY. The  
22 board by resolution shall establish the number of directors'  
23 signatures and the procedure required for a disbursement or  
24 transfer of district money.

25 Sec. 3967.0315. AUDIT EXEMPTION. (a) The district may  
26 elect to complete an annual financial report in lieu of an annual  
27 audit under Section 375.096(a)(6), Local Government Code, if:



1           (1) the district had no bonds or other long-term (more  
2 than one year) liabilities outstanding during the fiscal period;

3           (2) the district did not have gross receipts from  
4 operations, loans, taxes, assessments, or contributions in excess  
5 of \$250,000 during the fiscal period; and

6           (3) the district's cash and temporary investments were  
7 not in excess of \$250,000 during the fiscal period.

8           (b) Each annual financial report prepared in accordance  
9 with this section must be open to public inspection and accompanied  
10 by an affidavit signed by a duly authorized representative of the  
11 district attesting to the accuracy and authenticity of the  
12 financial report.

13           (c) The annual financial report and affidavit shall be  
14 substantially similar in form to the annual financial report and  
15 affidavit forms prescribed by the executive director of the Texas  
16 Commission on Environmental Quality under Section 49.198, Water  
17 Code.

18           Sec. 3967.0316. NO EMINENT DOMAIN POWER. The district may  
19 not exercise the power of eminent domain.

20                                   SUBCHAPTER D. ASSESSMENTS

21           Sec. 3967.0401. PETITION REQUIRED FOR FINANCING SERVICES  
22 AND IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a  
23 service or improvement project with assessments under this chapter  
24 unless a written petition requesting that service or improvement  
25 has been filed with the board.

26           (b) The petition must be signed by the owners of a majority  
27 of the assessed value of real property in the district subject to

1 assessment according to the most recent certified tax appraisal  
2 roll for the county.

3 Sec. 3967.0402. METHOD OF NOTICE FOR HEARING. The district  
4 may mail the notice required by Section 375.115(c), Local  
5 Government Code, by certified or first class United States mail.  
6 The board shall determine the method of notice.

7 Sec. 3967.0403. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a)  
8 The board by resolution may impose and collect an assessment for any  
9 purpose authorized by this chapter in all or any part of the  
10 district.

11 (b) An assessment, a reassessment, or an assessment  
12 resulting from an addition to or correction of the assessment roll  
13 by the district, penalties and interest on an assessment or  
14 reassessment, an expense of collection, and reasonable attorney's  
15 fees incurred by the district are:

16 (1) a first and prior lien against the property  
17 assessed;

18 (2) superior to any other lien or claim other than a  
19 lien or claim for county, school district, or municipal ad valorem  
20 taxes; and

21 (3) the personal liability of and a charge against the  
22 owners of the property even if the owners are not named in the  
23 assessment proceedings.

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

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

5                           SUBCHAPTER E. TAXES AND BONDS

6           Sec. 3967.0501. TAX ELECTION REQUIRED. The district must  
7 hold an election in the manner provided by Chapter 49, Water Code,  
8 or, if applicable, Chapter 375, Local Government Code, to obtain  
9 voter approval before the district may impose an ad valorem tax.

10           Sec. 3967.0502. OPERATION AND MAINTENANCE TAX. (a) If  
11 authorized by a majority of the district voters voting at an  
12 election under Section 3967.0501, the district may impose an  
13 operation and maintenance tax on taxable property in the district  
14 in the manner provided by Section 49.107, Water Code, for any  
15 district purpose, including to:

- 16                   (1) maintain and operate the district;  
17                   (2) construct or acquire improvements; or  
18                   (3) provide a service.

19           (b) The board shall determine the operation and maintenance  
20 tax rate. The rate may not exceed the rate approved at the  
21 election.

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

24           Sec. 3967.0503. AUTHORITY TO BORROW MONEY AND TO ISSUE  
25 BONDS AND OTHER OBLIGATIONS. (a) The district may borrow money on  
26 terms determined by the board.

27           (b) The district may, by competitive bid or negotiated sale,

1 issue bonds, notes, or other obligations payable wholly or partly  
2 from ad valorem taxes, assessments, impact fees, revenue, contract  
3 payments, grants, or other district money, or any combination of  
4 those sources of money, to pay for any authorized district purpose.

5 (c) The limitation on the outstanding principal amount of  
6 bonds, notes, or other obligations provided by Section 49.4645,  
7 Water Code, does not apply to the district.

8 Sec. 3967.0504. BONDS SECURED BY REVENUE OR CONTRACT  
9 PAYMENTS. The district may issue, without an election, bonds  
10 secured by:

11 (1) revenue other than ad valorem taxes, including  
12 contract revenues; or

13 (2) contract payments, provided that the requirements  
14 of Section 49.108, Water Code, have been met.

15 Sec. 3967.0505. BONDS SECURED BY AD VALOREM TAXES;  
16 ELECTIONS. (a) If authorized at an election under Section  
17 3967.0501, the district may issue bonds payable from ad valorem  
18 taxes.

19 (b) Section 375.243, Local Government Code, does not apply  
20 to the district.

21 (c) At the time the district issues bonds payable wholly or  
22 partly from ad valorem taxes, the board shall provide for the annual  
23 imposition of a continuing direct annual ad valorem tax, without  
24 limit as to rate or amount, for each year that all or part of the  
25 bonds are outstanding as required and in the manner provided by  
26 Sections 54.601 and 54.602, Water Code.

27 (d) All or any part of any facilities or improvements that

1 may be acquired by a district by the issuance of its bonds may be  
2 submitted as a single proposition or as several propositions to be  
3 voted on at the election.

4 Sec. 3967.0506. CONSENT OF MUNICIPALITY REQUIRED. (a) The  
5 board may not issue bonds until each municipality in whose  
6 corporate limits or extraterritorial jurisdiction the district is  
7 located has consented by ordinance or resolution to the creation of  
8 the district and to the inclusion of land in the district.

9 (b) This section applies only to the district's first  
10 issuance of bonds payable from ad valorem taxes.

11 SUBCHAPTER F. SALES AND USE TAX

12 Sec. 3967.0601. APPLICABILITY OF CERTAIN TAX CODE  
13 PROVISIONS. (a) Chapter 321, Tax Code, governs the imposition,  
14 computation, administration, enforcement, and collection of the  
15 sales and use tax authorized by this subchapter except to the extent  
16 Chapter 321, Tax Code, is inconsistent with this chapter.

17 (b) A reference in Chapter 321, Tax Code, to a municipality  
18 or the governing body of a municipality is a reference to the  
19 district or the board, respectively.

20 Sec. 3967.0602. ELECTION; ADOPTION OF TAX. (a) The  
21 district may adopt a sales and use tax if authorized by a majority  
22 of the voters of the district voting at an election held for that  
23 purpose.

24 (b) The board by order may call an election to authorize the  
25 adoption of the sales and use tax. The election may be held on any  
26 uniform election date and in conjunction with any other district  
27 election.

1           (c) The ballot shall be printed to provide for voting for or  
2 against the proposition: "Authorization of a sales and use tax in  
3 the Wood Trace Management District of Montgomery County, Texas, at  
4 a rate not to exceed \_\_\_\_ percent" (insert rate of one or more  
5 increments of one-eighth of one percent).

6           Sec. 3967.0603. SALES AND USE TAX RATE. (a) On or after the  
7 date the results are declared of an election held under Section  
8 3967.0602, at which the voters approved imposition of the tax  
9 authorized by this subchapter, the board shall determine and adopt  
10 by resolution or order the initial rate of the tax, which must be in  
11 one or more increments of one-eighth of one percent.

12           (b) After the election held under Section 3967.0602, the  
13 board may increase or decrease the rate of the tax by one or more  
14 increments of one-eighth of one percent.

15           (c) The initial rate of the tax or any rate resulting from  
16 subsequent increases or decreases may not exceed the lesser of:

17                   (1) the maximum rate authorized by the district voters  
18 at the election held under Section 3967.0602; or

19                   (2) a rate that, when added to the rates of all sales  
20 and use taxes imposed by other political subdivisions with  
21 territory in the district, would result in the maximum combined  
22 rate prescribed by Section 321.101(f), Tax Code, at any location in  
23 the district.

24           Sec. 3967.0604. TAX AFTER MUNICIPAL ANNEXATION. (a) This  
25 section applies to the district after a municipality annexes part  
26 of the territory in the district and imposes the municipality's  
27 sales and use tax in the annexed territory.

1           (b) If at the time of annexation the district has  
2 outstanding debt or other obligations payable wholly or partly from  
3 district sales and use tax revenue, Section 321.102(g), Tax Code,  
4 applies to the district.

5           (c) If at the time of annexation the district does not have  
6 outstanding debt or other obligations payable wholly or partly from  
7 district sales and use tax revenue, the district may:

8                   (1) exclude the annexed territory from the district,  
9 if the district has no outstanding debt or other obligations  
10 payable from any source; or

11                   (2) reduce the sales and use tax in the annexed  
12 territory by resolution or order of the board to a rate that, when  
13 added to the sales and use tax rate imposed by the municipality in  
14 the annexed territory, is equal to the sales and use tax rate  
15 imposed by the district in the district territory that was not  
16 annexed by the municipality.

17           Sec. 3967.0605. NOTIFICATION OF RATE CHANGE. The board  
18 shall notify the comptroller of any changes made to the tax rate  
19 under this subchapter in the same manner the municipal secretary  
20 provides notice to the comptroller under Section 321.405(b), Tax  
21 Code.

22           Sec. 3967.0606. USE OF REVENUE. Revenue from the sales and  
23 use tax imposed under this subchapter is for the use and benefit of  
24 the district and may be used for any district purpose. The district  
25 may pledge all or part of the revenue to the payment of bonds,  
26 notes, or other obligations, and that pledge of revenue may be in  
27 combination with other revenue, including tax revenue, available to

1 the district.

2 Sec. 3967.0607. ABOLITION OF TAX. (a) Except as provided  
3 by Subsection (b), the board may abolish the tax imposed under this  
4 subchapter without an election.

5 (b) The board may not abolish the tax imposed under this  
6 subchapter if the district has outstanding debt secured by the tax,  
7 and repayment of the debt would be impaired by the abolition of the  
8 tax.

9 (c) If the board abolishes the tax, the board shall notify  
10 the comptroller of that action in the same manner the municipal  
11 secretary provides notice to the comptroller under Section  
12 321.405(b), Tax Code.

13 (d) If the board abolishes the tax or decreases the tax rate  
14 to zero, a new election to authorize a sales and use tax must be held  
15 under Section 3967.0602 before the district may subsequently impose  
16 the tax.

17 (e) This section does not apply to a decrease in the sales  
18 and use tax authorized under Section 3967.0604(c)(2).

19 SUBCHAPTER G. HOTEL OCCUPANCY TAX

20 Sec. 3967.0701. DEFINITION. In this subchapter, "hotel"  
21 has the meaning assigned by Section 156.001, Tax Code.

22 Sec. 3967.0702. APPLICABILITY OF CERTAIN TAX CODE  
23 PROVISIONS. (a) For purposes of this subchapter:

24 (1) a reference in Subchapter A, Chapter 352, Tax  
25 Code, to a county is a reference to the district; and

26 (2) a reference in Subchapter A, Chapter 352, Tax  
27 Code, to the commissioners court is a reference to the board.



1           (b) Except as inconsistent with this subchapter, Subchapter  
2 A, Chapter 352, Tax Code, governs a hotel occupancy tax authorized  
3 by this subchapter, including the collection of the tax, subject to  
4 the limitations prescribed by Sections 352.002(b) and (c), Tax  
5 Code.

6           Sec. 3967.0703. TAX AUTHORIZED; USE OF REVENUE. The  
7 district may impose a hotel occupancy tax for any purpose described  
8 by Section 351.101 or 352.101, Tax Code.

9           Sec. 3967.0704. TAX RATE. (a) The amount of the hotel  
10 occupancy tax may not exceed the lesser of:

11                 (1) the maximum rate prescribed by Section 352.003(a),  
12 Tax Code; or

13                 (2) a rate that, when added to the rates of all hotel  
14 occupancy taxes imposed by other political subdivisions with  
15 territory in the district and by this state, does not exceed the sum  
16 of the rate prescribed by Section 351.0025(b), Tax Code, plus two  
17 percent.

18           (b) The district tax is in addition to a tax imposed by a  
19 municipality under Chapter 351, Tax Code, or by the county under  
20 Chapter 352, Tax Code.

21           Sec. 3967.0705. INFORMATION. The district may examine and  
22 receive information related to the imposition of hotel occupancy  
23 taxes to the same extent as if the district were a county.

24           Sec. 3967.0706. USE OF REVENUE. The district may use  
25 revenue from the hotel occupancy tax for any district purpose that  
26 is an authorized use of hotel occupancy tax revenue under Chapter  
27 351 or 352, Tax Code. The district may pledge all or part of the

1 revenue to the payment of bonds, notes, or other obligations and  
2 that pledge of revenue may be in combination with other revenue  
3 available to the district.

4 Sec. 3967.0707. ABOLITION OF TAX. (a) Except as provided  
5 by Subsection (b), the board may abolish the tax imposed under this  
6 subchapter.

7 (b) The board may not abolish the tax imposed under this  
8 subchapter if the district has outstanding debt secured by the tax,  
9 and repayment of the debt would be impaired by the abolition of the  
10 tax.

11 SUBCHAPTER I. DISSOLUTION

12 Sec. 3967.0901. DISSOLUTION. (a) The board shall dissolve  
13 the district on written petition filed with the board by the owners  
14 of:

15 (1) 66 percent or more of the assessed value of the  
16 property subject to assessment by the district based on the most  
17 recent certified county property tax rolls; or

18 (2) 66 percent or more of the surface area of the  
19 district, excluding roads, streets, highways, utility  
20 rights-of-way, other public areas, and other property exempt from  
21 assessment by the district according to the most recent certified  
22 county property tax rolls.

23 (b) The board by majority vote may dissolve the district at  
24 any time.

25 (c) The district may not be dissolved by its board under  
26 Subsection (a) or (b) if the district:

27 (1) has any outstanding bonded indebtedness until that

1 bonded indebtedness has been repaid or defeased in accordance with  
2 the order or resolution authorizing the issuance of the bonds;

3 (2) has a contractual obligation to pay money until  
4 that obligation has been fully paid in accordance with the  
5 contract; or

6 (3) owns, operates, or maintains public works,  
7 facilities, or improvements unless the district contracts with  
8 another person for the ownership, operation, or maintenance of the  
9 public works, facilities, or improvements.

10 (d) Sections 375.261, 375.262, and 375.264, Local  
11 Government Code, do not apply to the district.

12 SECTION 2. The Wood Trace Management District of Montgomery  
13 County, Texas, initially includes all the territory contained in  
14 the following area:

15 Being a 92.63-acre tract of land, located in the Andrew J.  
16 Hensley, Abstract No. 255 in Montgomery County, Texas; said  
17 92.63-acre tract being out of a called 2,253.2253-acre tract of  
18 land conveyed to Terra Investments, LP in Clerk's File Number  
19 2004023496 of the Official Public Records of Real Property of  
20 Montgomery County Texas (O.P.R.R.P.M.C.T.); said 92.63-acre tract  
21 being more particularly described by metes and bounds as follows  
22 (all bearings are referenced to the north line of said  
23 2,253.2253-acre tract):

24 Beginning at a 5/8-inch iron rod with aluminum cap found at  
25 the northwest corner of a called 10.0000-acre tract of land  
26 recorded in Clerk's File Number 9350680 of the O.P.R.R.P.M.C.T.,  
27 same being on the west line of said called 2,253.2253-acre tract and

1 the east right-of-way (R.O.W.) line of Highway 149 (60-foot wide);  
2 1. Thence, with the common line of said Highway 149 and said  
3 called 2,253.2253-acre tract, North 08 degrees 35 minutes 16  
4 seconds West, a distance of 620.67 feet;  
5 2. Thence, continuing with said common line, 291.17 feet  
6 along the arc of a curve to the right, said curve having a central  
7 angle of 05 degrees 59 minutes 03 seconds, a radius of 2,787.83 feet  
8 and a chord that bears North 05 degrees 35 minutes 45 seconds West,  
9 a distance of 291.04 feet;  
10 3. Thence, with the northwest line of said called  
11 2,253.2253-acre tract, North 42 degrees 18 minutes 44 seconds East,  
12 a distance of 1,390.50 feet;  
13 4. Thence, continuing with the northwest line of said called  
14 2,253.2253-acre tract, North 43 degrees 05 minutes 06 seconds East,  
15 a distance of 188.90 feet to the most westerly corner of a called  
16 34.6647-acre tract of land recorded in Clerk's File Number  
17 2018021947 of the O.P.R.R.P.M.C.T.;  
18 Thence, with the west line of said called 34.6647-acre tract,  
19 the following five (5) courses:  
20 5. 1,433.79 feet along the arc of a curve to the right, said  
21 curve having a central angle of 30 degrees 49 minutes 40 seconds, a  
22 radius of 2,664.79 feet and a chord that bears South 25 degrees 30  
23 minutes 44 seconds East, a distance of 1,416.55 feet;  
24 6. South 10 degrees 05 minutes 54 seconds East, a distance of  
25 415.32 feet;  
26 7. South 10 degrees 05 minutes 54 seconds East, a distance of  
27 300.00 feet;

1           8. South 10 degrees 05 minutes 54 seconds East, a distance of  
2 516.07 feet;

3           9. 1,088.92 feet along the arc of a curve to the left, said  
4 curve having a central angle of 10 degrees 31 minutes 19 seconds, a  
5 radius of 5,929.58 feet and a chord that bears South 15 degrees 21  
6 minutes 34 seconds East, a distance of 1,087.39 feet to the south  
7 corner of aforesaid called 34.6647-acre tract, same being a  
8 northwesterly line of a called 12.500-acre tract of land recorded  
9 in Clerk's File Number 2014032464 of the O.P.R.R.P.M.C.T. and a  
10 southeasterly interior line of aforesaid called 2,253.2253-acre  
11 tract;

12           10. Thence, with the common line of said called 12.500-acre  
13 tract and said called 2,253.2253-acre tract, South 41 degrees 39  
14 minutes 24 seconds West, a distance of 434.22 feet to a westerly  
15 corner of said called 2,253.2253-acre tract;

16           11. Thence, with the southwest line of said called  
17 2,253.2253-acre tract, North 47 degrees 46 minutes 25 seconds West,  
18 a distance of 1,585.59 feet to the south corner of aforesaid called  
19 10.0000-acre tract;

20           Thence, with the east and north lines of said called  
21 10.0000-acre tract, the following six (6) courses:

22           12. North 42 degrees 13 minutes 34 seconds East, a distance  
23 of 435.59 feet;

24           13. North 30 degrees 32 minutes 17 seconds West, a distance  
25 of 629.68 feet;

26           14. South 81 degrees 24 minutes 44 seconds West, a distance  
27 of 342.11 feet;

1           15. South 54 degrees 50 minutes 52 seconds West, a distance  
2 of 44.73 feet;

3           16. South 08 degrees 35 minutes 16 seconds East, a distance  
4 of 30.00 feet;

5           17. South 81 degrees 24 minutes 44 seconds West, a distance  
6 of 200.00 feet to the Point of Beginning and containing 92.63 acres  
7 of land.

8           SECTION 3. (a) The legal notice of the intention to  
9 introduce this Act, setting forth the general substance of this  
10 Act, has been published as provided by law, and the notice and a  
11 copy of this Act have been furnished to all persons, agencies,  
12 officials, or entities to which they are required to be furnished  
13 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
14 Government Code.

15           (b) The governor, one of the required recipients, has  
16 submitted the notice and Act to the Texas Commission on  
17 Environmental Quality.

18           (c) The Texas Commission on Environmental Quality has filed  
19 its recommendations relating to this Act with the governor,  
20 lieutenant governor, and speaker of the house of representatives  
21 within the required time.

22           (d) All requirements of the constitution and laws of this  
23 state and the rules and procedures of the legislature with respect  
24 to the notice, introduction, and passage of this Act have been  
25 fulfilled and accomplished.

26           SECTION 4. This Act takes effect immediately if it receives  
27 a vote of two-thirds of all the members elected to each house, as

1 provided by Section 39, Article III, Texas Constitution. If this  
2 Act does not receive the vote necessary for immediate effect, this  
3 Act takes effect September 1, 2019.

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 23, 2019**

**TO:** Honorable Dennis Bonnen, Speaker of the House, House of Representatives

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB4644** by Bell, Cecil (Relating to the creation of the Wood Trace Management District of Montgomery County, Texas; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.), **As Passed 2nd House**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Special District Local Laws Code to create certain management districts and specifies certain powers and obligations for these districts.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:**

**LBB Staff:** WP, SD, AF, GP



**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 15, 2019**

**TO:** Honorable Eddie Lucio, Jr., Chair, Senate Committee on Intergovernmental Relations

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB4644** by Bell, Cecil (Relating to the creation of the Wood Trace Management District of Montgomery County, Texas; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.), **Committee Report 2nd House, Substituted**

<b>No significant fiscal implication to the State is anticipated.</b>
---

The bill would amend the Special District Local Laws Code to create certain management districts and specifies certain powers and obligations for these districts.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:**

**LBB Staff:** WP, AF, GP

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 13, 2019**

**TO:** Honorable Eddie Lucio, Jr., Chair, Senate Committee on Intergovernmental Relations

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB4644** by Bell, Cecil (Relating to the creation of the Wood Trace Management District of Montgomery County, Texas; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.), **As Engrossed**

<b>No significant fiscal implication to the State is anticipated.</b>
---

The bill would amend the Special District Local Laws Code to create certain management districts and specifies certain powers and obligations for these districts.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:**

**LBB Staff:** WP, AF, GP

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 8, 2019**

**TO:** Honorable Garnet Coleman, Chair, House Committee on County Affairs

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB4644** by Bell, Cecil (Relating to the creation of the Wood Trace Management District of Montgomery County, Texas; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Special District Local Laws Code to create certain management districts and specifies certain powers and obligations for these districts.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:**

**LBB Staff:** WP, AF, GP

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**WATER DEVELOPMENT POLICY IMPACT STATEMENT**

**86TH LEGISLATIVE REGULAR SESSION**

**April 23, 2019**

**TO:** Honorable Garnet Coleman, Chair, House Committee on County Affairs

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB4644** by Bell, Cecil (Relating to the creation of the Wood Trace Management District of Montgomery County, Texas; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.), **As Introduced**

The Legislative Budget Board, in cooperation with the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ), has determined that:

This bill creates Wood Trace Management District of Montgomery County, Texas (District) with the powers and duties of a standard municipal management district under Local Government Code Chapter 375.

Population - The very specific description of the proposed boundaries does not allow staff to develop precise population estimates.

Population growth in the specific area since the 2010 census is unknown. The 2010 population estimate for areas of Montgomery County served by small water systems or private wells (County-Other) was 108,679. The Montgomery County-Other population projections adopted for the 2022 State Water Plan projects the population to grow to 182,763 in 2020 and 286,757 in 2030.

Location - The proposed district's initial boundaries are described with a combination of Original Texas Land Surveys, Official Public Records of Real Property of Montgomery County, and metes and bounds. Due to the complexity of these boundaries for the various subareas of the district, staff is only able to determine the general location of the proposed district.

The proposed district's area is approximately 0.15 square miles in southwest Montgomery County, located southeast of the City of Magnolia, and northeast of the City of Stagecoach. The proposed boundary appears to be near the intersection of Farm to Market Road 149 and Farm to Market Road 1774.

Comments on Powers/Duties Different from Similar Types of Districts:

A director is entitled to receive fees of office and reimbursement for actual expenses provided by Section 49.060, Water Code. Sections 375.069 and 375.070, Local Government Code, do not apply to the board; the bill requires the TCEQ to appoint the five initial temporary directors upon receipt of a petition from the owners of a majority of the assessed value of the real property in the district; the District may develop or finance recreational facilities; this bill grants the District authority for

road projects; the board by resolution may authorize the creation of a nonprofit corporation with the powers created under Subchapter D, Chapter 431, Transportation Code; the District may contract for or employ peace officers under Section 49.216, Water Code; the District may join and pay dues to a charitable or nonprofit organization that performs a service or provides an activity consistent with the furtherance of a District purpose; the bill allows the District to create economic development programs and exercise economic development powers under Chapter 380, Local Government Code and Subchapter A, Chapter 1509, Government Code; the District may negotiate and enter into a written strategic partnership agreement under Local Government Code Section 43.0751, with a municipality in whose extraterritorial jurisdiction the District is located; the District may negotiate and enter into a written regional participation agreement under Local Government Code Section 43.0754, with a municipality in whose corporate boundaries or extraterritorial jurisdiction the District is located; the District may acquire, lease, construct, develop, own, operate, and maintain parking facilities; the bill specifies that the District may add or exclude land as provided by Subchapter J, Chapter 49, Water Code; Section 375.044(b), Local Government Code, does not apply to the District; the District may elect to complete an annual financial report in lieu of an annual audit under Section 375.096(a)(6), Local Government Code; the District may not exercise the power of eminent domain; the board may not finance a service or improvement project with assessments under this chapter unless a written petition requesting that service or improvement has been filed with the board; the District may levy an operation and maintenance tax as provided for in Section 49.107 of the Water Code; Section 49.107(h), Water Code states that an operation and maintenance tax to be used for recreational facilities, as defined by Section 49.462, Water Code, levied by a district located in a county with a population of more than 3.3 million or in a county adjacent to that county may not exceed 10 cents per \$100 of assessed valuation of taxable property in the District, the bill specifies that this section does not apply to the District; Chapter 49.4645, Water Code, states that the District's outstanding principal debt for recreational facilities cannot exceed one percent of the District's current estimated taxable assessed valuation, the bill specifies that this section does not apply to the District; Section 375.243, Local Government Code, states that the board may not call a bond election unless a written petition has been filed with the board requesting an election, the bill specifies that this section does not apply to the District; the District may impose a hotel occupancy tax for any purpose described by Section 351.101 or 352.101, Tax Code; the board may dissolve the District regardless of whether the District has debt; Section 375.264, Local Government Code, does not apply to the District; if the District has debt when it is dissolved, the District shall remain in existence solely for the purpose of discharging its debts; the dissolution is effective when all debts have been discharged.

**Overlapping Services:** TCEQ does not have mapping information for water and/or wastewater providers because this function was transferred from the TCEQ to the Public Utility Commission on September 1, 2014. As a result, TCEQ is unaware of possible overlapping service providers.

**TCEQ's Supervision:** As with general law districts, the TCEQ will have general supervisory authority, including bond review authority and review of financial reports.

**Water Use -** Within Montgomery County, 84% of the total water use was supplied by groundwater (Gulf Coast Aquifer), and 91% of the county total water use was for municipal use in 2016. The water source the proposed district might pursue is unknown.

**Source Agencies:** 582 Commission on Environmental Quality, 580 Water Development Board

**LBB Staff:** WP, SZ