

AN ACT

relating to the authority of the City of Kemah Municipal Management District No. 1 to provide water and sewer service, exercise certain powers, issue bonds, and impose fees, taxes, and assessments and to the validation of certain acts and proceedings of the district.

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

SECTION 1. Section 3976.0105(b), Special District Local Laws Code, is amended to read as follows:

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

- (1) organization, existence, or validity;
- (2) right to contract;
- (3) authority to borrow money or issue bonds or other obligations [~~described by Section 3976.0501~~] or to pay the principal and interest of the bonds or other obligations;
- (4) right to impose or collect an assessment, or collect other revenue; or
- (5) legality or operation.

SECTION 2. Subchapter E, Chapter 3976, Special District Local Laws Code, is amended by adding Sections 3976.0503, 3976.0504, 3976.0505, 3976.0506, and 3976.0507 to read as follows:

Sec. 3976.0503. TAX ELECTION REQUIRED. The district must

1 hold an election in the manner provided by Chapter 49, Water Code,
2 or, if applicable, Chapter 375, Local Government Code, to obtain
3 voter approval before the district may impose an ad valorem tax.

4 Sec. 3976.0504. OPERATION AND MAINTENANCE TAX. (a) If
5 authorized by a majority of the district voters voting at an
6 election under Section 3976.0503, the district may impose an
7 operation and maintenance tax on taxable property in the district
8 in the manner provided by Section 49.107, Water Code, for any
9 district purpose, including to:

10 (1) maintain and operate the district;

11 (2) construct or acquire improvements; or

12 (3) provide a service.

13 (b) The board shall determine the operation and maintenance
14 tax rate. The rate may not exceed the rate approved at the
15 election.

16 Sec. 3976.0505. AUTHORITY TO BORROW MONEY AND TO ISSUE
17 BONDS AND OTHER OBLIGATIONS. (a) The district may borrow money on
18 terms determined by the board.

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

24 Sec. 3976.0506. BONDS SECURED BY REVENUE OR CONTRACT
25 PAYMENTS. The district may issue, without an election, bonds
26 secured by:

27 (1) revenue other than ad valorem taxes, including

1 contract revenues; or

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

4 Sec. 3976.0507. BONDS SECURED BY AD VALOREM TAXES;
5 ELECTIONS. (a) If authorized at an election under Section
6 3976.0503, the district may issue bonds payable from ad valorem
7 taxes.

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

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

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

20 SECTION 3. The following provisions of the Special District
21 Local Laws Code are repealed:

22 (1) Sections 3976.0205, 3976.0206, 3976.0304,
23 3976.0305, 3976.0501, and 3976.0502; and

24 (2) Sections 3976.0208(c) and (d).

25 SECTION 4. (a) The legislature validates and confirms all
26 governmental acts and proceedings of the City of Kemah Municipal
27 Management District No. 1 that were taken before the effective date

1 of this Act.

2 (b) This section does not apply to any matter that on the
3 effective date of this Act:

4 (1) is involved in litigation if the litigation
5 ultimately results in the matter being held invalid by a final court
6 judgment; or

7 (2) has been held invalid by a final court judgment.

8 SECTION 5. (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, the
20 lieutenant governor, and the speaker of the house of
21 representatives 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 are fulfilled
25 and accomplished.

26 SECTION 6. This Act takes effect immediately if it receives
27 a vote of two-thirds of all the members elected to each house, as

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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, 2021.

President of the Senate

Speaker of the House

I certify that H.B. No. 4659 was passed by the House on May 14, 2021, by the following vote: Yeas 109, Nays 36, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 4659 was passed by the Senate on May 27, 2021, by the following vote: Yeas 30, Nays 1.

Secretary of the Senate

APPROVED: _____

Date

Governor