

By: Buckingham

S.B. No. 565

A BILL TO BE ENTITLED

AN ACT

relating to use of project funds of municipal development districts.

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

SECTION 1. Section 377.072(c), Local Government Code, is amended to read as follows:

(c) Except as provided by Subsections (d) and (e), the district may use money in the development project fund only to:

(1) pay the costs of planning, acquiring, establishing, developing, constructing, or renovating one or more development projects located:

(A) in the district; or

(B) outside the district, if:

(i) the board determines that the development project will provide an economic benefit to the district; and

(ii) the following entities, as applicable, by resolution approve the development project:

(a) the municipality that created the district;

(b) each municipality in whose corporate limits or extraterritorial jurisdiction the project is located; and

(c) the commissioners court of the

1 county in which the project is located, if the project is not
2 located in the corporate limits or extraterritorial jurisdiction of
3 a municipality;

4 (2) pay the principal of, interest on, and other costs
5 relating to bonds or other obligations issued by the district or to
6 refund bonds or other obligations; or

7 (3) pay the costs of operating or maintaining one or
8 more development projects during the planning, acquisition,
9 establishment, development, construction, or renovation or while
10 bonds or other obligations for the planning, acquisition,
11 establishment, development, construction, or renovation are
12 outstanding.

13 SECTION 2. This Act takes effect immediately if it receives
14 a vote of two-thirds of all the members elected to each house, as
15 provided by Section 39, Article III, Texas Constitution. If this
16 Act does not receive the vote necessary for immediate effect, this
17 Act takes effect September 1, 2021.