

By: Guillen

H.B. No. 5524

A BILL TO BE ENTITLED

AN ACT

relating to creation of the Palangana Energy District; granting a limited power of eminent domain; 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 X, Special District Local Laws Code, is amended by adding Chapter 11012 to read as follows:

CHAPTER 11012. THE PALANGANA ENERGY DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 11012.001. DEFINITIONS. In this chapter:

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

(2) "Bond" means bond or note.

(3) "District" means the Palangana Energy District.

(4) "Director" means a member of the board.

Sec. 11012.002. APPLICABILITY. (a) This chapter only applies to a county with a population of more than 8,000 but less than 12,000 that:

(1) has the longest state highway passing through it;

(2) is located within 50 miles of the Texas-Mexico Border;

Sec. 11012.003. FINDINGS OF PUBLIC PURPOSE AND BENEFIT.

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

(b) The creation of the district is necessary to accomplish

1 essential public functions under the constitution of this state  
2 that enhance energy security, reliability, and resiliency in an  
3 environmentally responsible manner; to promote and diversify  
4 economic development and commerce; and to conserve, secure, and  
5 develop the natural energy resources of this state for the benefit  
6 of the South Texas region and this state.

7 SUBCHAPTER B. BOARD OF DIRECTORS

8 Sec. 11012.005. DIRECTORS. (a) The district is governed by  
9 a board of directors consisting of at least 7 members.

10 (b) The board is responsible for the management, operation,  
11 and control of the district.

12 (c) The board by rule shall:

13 (1) establish the number of directors of the district;  
14 and

15 (2) establish that directors serve staggered  
16 four-year terms.

17 Sec. 11012.006. ELIGIBILITY TO SERVE AS DIRECTOR. (a) To  
18 be eligible to serve as a director, a person must be at least 18  
19 years of age.

20 (b) To be eligible to serve as a director, a person may not:

21 (1) hold another public office; and

22 (2) be an officer or employee of the district.

23 (c) A director is eligible for reappointment.

24 Sec. 11012.007. VACANCIES. Any vacancy occurring on the  
25 board shall be filled for the unexpired term by appointment in the  
26 manner in which the vacating director was appointed.

27 Sec. 11012.008. REMOVAL OF DIRECTOR. A director may be

1 removed from office at any time, with or without cause.

2 Sec. 11012.009. OFFICERS. At the first meeting of the board  
3 after May 1 of each year, the board shall elect officers for the  
4 district, including a chair, vice chair, secretary, and treasurer.

5 Sec. 11012.010. MEETINGS AND ACTIONS OF BOARD; QUORUM.

6 (a) The board may meet as many times each year as the board  
7 considers appropriate.

8 (b) A majority of the membership of the board constitutes a  
9 quorum at a meeting of the board.

10 (c) A concurrence of a majority of the directors present and  
11 voting is sufficient for transacting any business of the district  
12 unless other applicable law, or the district by rule, requires a  
13 concurrence of a greater number of directors for a specific type of  
14 decision.

15 SUBCHAPTER C. POWERS AND DUTIES

16 Sec. 11012.011. GENERAL POWERS AND DUTIES. The district  
17 has the powers and duties necessary to accomplish the purposes for  
18 which the district is created. The district may:

19 (1) acquire, purchase, own, hold, lease, construct,  
20 operate, repair, improve, maintain, or extend a groundwater well or  
21 other source of water supply, water and wastewater works, drainage,  
22 road improvements, salt cavern storage facilities, facilities that  
23 generate electricity, and any type of transmission line or  
24 supporting facilities;

25 (3) finance any purchase or acquisition through a  
26 bond, note, or other obligation or through a lease-purchase  
27 agreement; and

1           (4) sell, lease, convey, or otherwise dispose of any  
2 right, interest, or property the district considers to be  
3 unnecessary for the efficient operation or maintenance of the  
4 district's facilities.

5           Sec. 11012.012. EMINENT DOMAIN. (a) The district may  
6 exercise the power of eminent domain to acquire a fee simple or  
7 other interest in property if the interest is necessary for the  
8 district to exercise the rights or authority conferred by this  
9 chapter.

10           (b) The district must exercise the power of eminent domain  
11 in the manner provided by Chapter 21, Property Code.

12           Sec. 11012.013. CONTRACTS. The district may contract with  
13 any person to carry out a power authorized by this chapter.

14           Sec. 11012.014. COOPERATIVE CONTRACTS. The district may  
15 enter into an interlocal contract with a local government under  
16 Chapter 791, Government Code, to carry out a power of the district.

17           SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

18           Sec. 11012.015. GIFTS, GRANTS, LOANS, AND OTHER FUNDS. The  
19 district may apply for, accept, receive, and administer gifts,  
20 grants, loans, and other funds available from any source.

21           Sec. 11012.016. AUTHORITY TO ISSUE BONDS, NOTES, AND OTHER  
22 OBLIGATIONS. The district may issue bonds, notes, or other  
23 obligations payable wholly or partly from ad valorem taxes, impact  
24 fees, revenue, contract payments, grants, sales and use taxes,  
25 other district money, or any combination of those sources to pay for  
26 any authorized district purpose.

27           Sec. 11012.017. TAXES FOR BONDS. At the time the district

1 issues bonds payable wholly or partly from ad valorem taxes, the  
2 board shall provide for the annual imposition of continuing a  
3 direct ad valorem tax, without limit to rate or amount, while all or  
4 part of the bonds are outstanding as required and in the manner  
5 provided by Chapter 49 of the Water Code.

6 Sec. 11012.018. BONDS, NOTES, AND OTHER OBLIGATIONS EXEMPT  
7 FROM TAXATION. A bond, note, or other obligation issued under this  
8 chapter, a transaction related to the bond, note, or other  
9 obligation, the interest on the bond, note, or other obligation,  
10 and the profit from the sale of the bond, note, or other obligation  
11 are exempt from taxation by this state or a political subdivision of  
12 this state.

13 SUBCHAPTER E. ASSESSMENTS

14 Sec. 11012.019. PETITION REQUIRED FOR FINANCING SERVICES  
15 AND IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a  
16 service or improvement project with assessments under this chapter  
17 unless a written petition requesting that service or improvement  
18 has been filed with the board.

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

23 Sec. 11012.020. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a)  
24 The board by resolution may impose and collect an assessment for any  
25 purpose authorized by this chapter in all or any part of the  
26 district.

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

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

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

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

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

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

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

21 SUBCHAPTER F. TAXES AND BONDS

22 Sec. 11012.021. TAX ELECTION REQUIRED. The district must  
23 hold an election in the manner provided by Chapter 49, Water Code,  
24 to obtain voter approval before the district may impose an ad  
25 valorem tax.

26 Sec. 11012.022. OPERATION AND MAINTENANCE TAX. (a) If  
27 authorized by a majority of the district voters voting at an

1 election, the district may impose an operation and maintenance tax  
2 on taxable property in the district in the manner provided by  
3 Section 49.107, Water Code, for any district purpose, including to:

4 (1) maintain and operate the district;

5 (2) construct or acquire improvements; or

6 (3) provide a service.

7 (b) The board shall determine the operation and maintenance  
8 tax rate. The rate may not exceed the rate approved at the  
9 election.

10 SECTION 2. This Act takes effect immediately if it receives  
11 a vote of two-thirds of all the members elected to each house, as  
12 provided by Section 39, Article III, Texas Constitution. If this  
13 Act does not receive the vote necessary for immediate effect, this  
14 Act takes effect September 1, 2025.