

LOCAL GOVERNMENT CODE

TITLE 12. PLANNING AND DEVELOPMENT

SUBTITLE A. MUNICIPAL PLANNING AND DEVELOPMENT

CHAPTER 375. MUNICIPAL MANAGEMENT DISTRICTS IN GENERAL

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 375.001. LEGISLATIVE FINDINGS; PURPOSES. (a) The creation of a municipal management district is declared to be essential to the accomplishment of the purposes of Article III, Section 52, Article XVI, Section 59, and Article III, Section 52-a, of the Texas Constitution and to the accomplishment of the other public purposes stated in this chapter.

(b) The creation of each district is necessary to promote, develop, encourage, and maintain employment, commerce, economic development, and the public welfare in the commercial areas of municipalities and metropolitan areas of this state.

(c) The creation of districts and this chapter may not be interpreted to relieve any municipality from providing services to an area included in the district or to release the municipality from the obligation it has to provide municipal services to that area. A district is created to supplement and not supplant the municipal services of the municipality.

(d) All of the land and other property to be included within the boundaries of a district will be benefited by the works and projects that are to be accomplished and the services to be provided by the district under powers conferred by Article III, Section 52, Article XVI, Section 59, and Article III, Section 52-a, of the Texas Constitution and other powers granted under this chapter.

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

(f) The creation of a district is essential to further the public purposes of development and diversification of the economy of the state, the elimination of unemployment and underemployment, and the development or expansion of transportation and commerce and is in the public interest.

(g) A district will promote the health, safety, and general welfare of residents, employers, employees, and consumers in the district and the general public.

(h) A district is designed to provide needed funding for metropolitan areas to preserve, maintain, and enhance the economic health and vitality of the areas as community and business centers.

(i) The present and prospective traffic congestion in municipalities in this state, the need for traffic control and the safety of pedestrians, and the limited availability of funds require the promotion and development of public transportation and pedestrian facilities and systems by new and alternative means, and a district will serve the public purpose of securing expanded and improved transportation and pedestrian facilities and systems. The public transportation and pedestrian facilities and systems promoted and developed by a district will be attractive, safe, and convenient and will benefit not only the land and property in the district, but also the employees, employers, and consumers of the district and the general public.

(j) A district will further promote the health, safety, welfare, morals, convenience, and enjoyment of the public by landscaping and developing certain areas within the district that are necessary for the restoration, preservation, and enhancement of scenic and aesthetic beauty.

(k) A district will not act as the agent or instrumentality of any private interests even though many private interests will be benefited by the district, as will the general public.

(l) The purpose of this chapter is to promote and benefit commercial development and commercial areas throughout the state. Each improvement project or service authorized by this chapter is found and declared to carry out a public purpose.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.002. CONSTRUCTION OF CHAPTER. (a) This chapter shall be liberally construed in conformity with the findings and purposes in Section 375.001.

(b) If any provision of general law is in conflict or inconsistent with this chapter, this chapter prevails. Any general law not in conflict or inconsistent with this chapter is adopted and incorporated by reference.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.003. DEFINITIONS. In this chapter:

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

(2) "Bond" means any type of interest-bearing obligation, including a bond, note, bond anticipation note, certificate of participation, lease, contract, or other evidence of indebtedness.

(3) "Commission" means the Texas Commission on Environmental Quality.

(4) "Disadvantaged business" means:

(A) a corporation formed for the purpose of making a profit and at least 51 percent of all classes of the shares of stock or other equitable securities of which are owned by one or more persons who are socially disadvantaged because of their identification as members of certain groups that have suffered the effects of discriminatory practices or similar insidious circumstances over which they have no control, including black Americans, Hispanic Americans, women, Asian Pacific Americans, and American Indians;

(B) a sole proprietorship formed for the purpose of making a profit that is owned, operated, and controlled exclusively by one or more persons described by Paragraph (A);

(C) a partnership that is formed for the purpose of making a profit, in which 51 percent of the assets and interest in the partnership is owned by one or more persons described by Paragraph (A), and in which minority or women partners have a proportionate interest in the control, operation, and management of the partnership affairs;

(D) a joint venture between minority and women's group members formed for the purpose of making a profit and the minority participation in which is based on the sharing of real economic interest, including equally proportionate control over management, interest in capital, and interest earnings, other than a joint venture in which majority group members own or control debt securities, leasehold interest, management contracts, or other interests;

(E) a supplier contract between persons described in Paragraph (A) and a prime contractor in which the disadvantaged business is directly involved for the manufacture or distribution of the supplies or materials or otherwise for warehousing and shipping the supplies; or

(F) a person certified as a disadvantaged business by:

(i) this state;

(ii) a political subdivision of this state; or

(iii) a regional planning commission, council of governments, or similar regional planning agency created under Chapter 391.

(5) "District" means a management district created under this chapter.

(6) "Mass transit" means transportation of passengers and their hand-carried packages or baggage by motorbus, trolley, coach, street railway, rail, suspended overhead rail, elevated railway, subway, people mover, automobile, or any other surface, overhead, or underground transportation or any combination of the preceding and includes stations or terminals and public parking facilities and facilities incidental to or related to any of the preceding, including commercial or shopping areas.

(7) "System" means all real and personal property owned or held by a district for mass transit purposes, including land, interests in land, buildings, structures, rights-of-way, easements, franchises, rail lines, bus lines, stations, platforms, terminals, rolling stock, garages, shops, equipment, and facilities including vehicle parking areas and facilities, and other facilities necessary or convenient for the beneficial use and access of persons and vehicles to stations, terminals, yards, cars and buses, control houses, signals and land, facilities, and equipment for the protection and environmental enhancement of those facilities.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 11.256, eff. Sept. 1, 1995.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. [1234](#)), Sec. 1, eff. September 1, 2011.

Sec. 375.004. GOVERNMENTAL AGENCY; TORT CLAIMS. (a) A district is a governmental agency, a body politic and corporate, and a political subdivision of the state.

(b) A district is a unit of government for purposes of Chapter [101](#), Civil Practice and Remedies Code (Texas Tort Claims Act), and operations of a district are considered to be essential governmental functions and not proprietary functions for all purposes, including the application of the Texas Tort Claims Act.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

#### SUBCHAPTER B. CREATION OF DISTRICT

Sec. 375.022. PETITION. (a) Before a district may be created, the commission must receive a petition requesting creation of the district.

(b) The petition must be signed by the owners of a majority of the assessed value of the real property in the proposed district that would be subject to assessment by the district, according to the most recent certified county property tax rolls.

(c) The petition must:

- (1) describe the boundaries of the proposed district:
  - (A) by metes and bounds;
  - (B) by verifiable landmarks, including a road, creek, or railroad line; or
  - (C) if there is a recorded map or plat and survey of the area, by lot and block number;
- (2) state the specific purposes for which the district will be created;
- (3) state the general nature of the work, projects, or services proposed to be provided, the necessity for those services, and the costs as estimated by the persons filing the petition;
- (4) include a name of the district, which must be generally descriptive of the location of the district, followed by "Management District" or "Improvement District";
- (5) include a proposed list of initial directors that includes the directors' experience and initial term of service; and
- (6) include a resolution of the governing body of the municipality in support of the creation of the district.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. [1234](#)), Sec. 2, eff. September 1, 2011.

Acts 2017, 85th Leg., R.S., Ch. 761 (S.B. [1987](#)), Sec. 3, eff. June 12, 2017.

Acts 2019, 86th Leg., R.S., Ch. 717 (H.B. [304](#)), Sec. 1, eff. September 1, 2019.

Sec. 375.023. COMMISSION HEARING; CONTENTS OF NOTICE. The commission or a person authorized by the commission shall set a date, time, and place for a hearing to consider each petition received. The commission or authorized person shall issue a notice of the date, time, and place of hearing. The notice must state that each person has a right to appear and present evidence and testify for or against the

allegations in the petition, the form of the petition, the necessity and feasibility of the district's project, and the benefits to accrue.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.024. PUBLICATION OF NOTICE. (a) The commission or authorized person shall publish notice of the hearing in a newspaper of general circulation in the municipality in which the proposed district is located once a week for two consecutive weeks. The first publication must occur not later than the 31st day before the date on which the hearing will be held.

(b) The commission or authorized person shall also mail a copy of the notice to each county in which the proposed district is located if the county has formally requested notice of the creation of each district in the county.

(c) A municipality may request that it receive during a year notice of hearings on the creation of a district by filing a request with the commission during January of the year. The municipality's request must state the names and mailing addresses of not more than two persons to whom the commission shall send the notice on behalf of the municipality.

(d) A certificate of a representative of the commission that notice was mailed to each county in which the proposed district is located that had formally requested notice is conclusive evidence that notice was properly mailed to each county.

(e) Not later than the 30th day before the date of the hearing, the petitioner shall send the notice of the hearing by certified mail, return receipt requested, to each person who owns real property in the proposed district, according to the most recent certified county property tax rolls, other than a property owner who signed the petition for creation. The tax assessor and collector shall certify from the tax rolls ownership of property on the date the petition is filed with the commission.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.025. HEARING. (a) At a hearing set under Section [375.023](#), the commission shall examine the petition to determine its sufficiency. Any interested person may appear before the commission in person or by attorney and offer testimony on the sufficiency of the petition and whether the district is feasible and necessary

and would be a benefit to all or any part of the land proposed to be included in the district.

(b) The commission has jurisdiction to determine each issue relating to the sufficiency of the petition and to the creation of the district and may issue necessary incidental orders in relation to the issues before the commission. The commission may adjourn the hearing from day to day.

(c) If after the hearing the commission finds that the petition conforms to the requirements of Section 375.022(c) and that the district is feasible and necessary and would benefit the public, the commission by order shall make that finding and grant the petition. In determining if the project is feasible and necessary and would benefit the public, the commission shall consider:

(1) the availability of comparable services from other systems, including special districts, municipalities, and regional authorities; and

(2) the reasonableness of the proposed public purpose projects and services.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.026. ORDER; INITIAL DIRECTORS. If the commission grants the petition, the commission in the order creating the district shall state the specific purposes for which the district is created and shall appoint the initial directors.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

#### SUBCHAPTER C. BOUNDARIES

Sec. 375.041. COMMISSION ORDER. The boundaries of a district are as prescribed by the commission order creating the district. The commission may issue a subsequent order changing the boundaries of the district.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.042. MISTAKE IN BOUNDARY DESCRIPTION. If in the petition or order a mistake is made in the field notes or in copying the field notes of the boundaries of a district, the mistake does not affect:

(1) the organization, existence, and validity of the district;

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

(3) the right of the district to levy and collect assessments or taxes;  
or

(4) the legality or operation of the district or its governing body.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.043. ANNEXATION; NOTICE OF BOUNDARIES. (a) A district may annex land as provided by Section 49.301 and Chapter 54, Water Code, subject to the approval of the governing body of the municipality.

(b) Not later than the 90th day after the date a district annexes land under Subsection (a), the district shall provide a description of the metes and bounds of the district, as of the date the annexation takes effect, to each municipality that, on the date the annexation takes effect:

- (1) has territory that overlaps with the district's territory; or
- (2) is adjacent to the district.

(c) The district is not required to provide the description of the metes and bounds required under Subsection (b) to a municipality that has waived in writing the municipality's right to the description.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. 1234), Sec. 3, eff. September 1, 2011.

Acts 2019, 86th Leg., R.S., Ch. 793 (H.B. 2018), Sec. 1, eff. September 1, 2019.

Sec. 375.044. EXCLUDING TERRITORY; NOTICE OF BOUNDARIES. (a) At any time during which a district does not have outstanding bonds, the board on its own motion may call a hearing on the question of the exclusion of land from the district in the manner provided by Chapter 54, Water Code, if the exclusions are practicable, just, or desirable.

(b) The board shall call a hearing on the exclusion of land or other property from the district if a signed petition evidencing the consent of the owners of a



majority of the acreage in the district, according to the most recent certified tax roll of the county, is filed with the secretary of the board requesting the hearing before the issuance of bonds.

(c) Not later than the 90th day after the date a district excludes land under this section, the district shall provide a description of the metes and bounds of the district, as of the date the exclusion takes effect, to each municipality that, on the date the exclusion takes effect:

- (1) has territory that overlaps with the district's territory; or
- (2) is adjacent to the district.

(d) The district is not required to provide the description of the metes and bounds required under Subsection (c) to a municipality that has waived in writing the municipality's right to the description.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. [1234](#)), Sec. 4, eff. September 1, 2011.

Acts 2019, 86th Leg., R.S., Ch. 793 (H.B. [2018](#)), Sec. 2, eff. September 1, 2019.

Acts 2019, 86th Leg., R.S., Ch. 793 (H.B. [2018](#)), Sec. 3, eff. September 1, 2019.

#### SUBCHAPTER D. ADMINISTRATIVE PROVISIONS; BOARD OF DIRECTORS

Sec. 375.061. NUMBER OF DIRECTORS; TERMS. A district is governed by a board of at least five but not more than 30 directors who serve staggered four-year terms.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. [1234](#)), Sec. 5, eff. September 1, 2011.

Sec. 375.062. TERMS OF INITIAL DIRECTORS. The initial directors shall be divided into two groups that are as equal in number as possible; one group serves four-year terms and one group serves two-year terms. The grouping of initial directors and terms for the directors in each group shall be determined by the commission.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.063. QUALIFICATIONS OF DIRECTOR. To be qualified to serve as a director, a person must be at least 18 years old and:

- (1) an owner of property in the district;
- (2) an owner of stock, whether beneficial or otherwise, of a corporate owner of property in the district;
- (3) an owner of a beneficial interest in a trust that owns property in the district; or
- (4) an agent, employee, or tenant of a person covered by Subdivision (1), (2), or (3).

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 717 (H.B. 304), Sec. 2, eff. September 1, 2019.

Sec. 375.064. RECOMMENDATIONS FOR SUCCEEDING BOARD. (a) The initial and each succeeding board of directors shall, and the owners of a majority of the assessed value of property subject to assessment by the district may, recommend to the governing body of the municipality persons to serve on the succeeding board.

(b) After reviewing the recommendations, the governing body shall approve or disapprove the directors recommended under Subsection (a).

(c) If the governing body is not satisfied with the recommendations submitted under Subsection (a), the board, on the request of the governing body, shall submit to the governing body additional recommendations.

(d) Board members may serve successive terms.

(e) If any provision of Subsections (a) through (d) is found to be invalid, the commission shall appoint the board from recommendations submitted by the preceding board.

(f) Repealed by Acts 2011, 82nd Leg., R.S., Ch. 912, Sec. 20, eff. September 1, 2011.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. 1234), Sec. 20, eff. September 1, 2011.

Acts 2019, 86th Leg., R.S., Ch. 717 (H.B. 304), Sec. 3, eff. September 1, 2019.

Sec. 375.065. REMOVAL OF DIRECTOR. The governing body of the municipality after notice and hearing may remove a director for misconduct or failure to carry out the director's duties on petition by a majority of the remaining directors.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.066. BOARD VACANCY. A vacancy in the office of director shall be filled by the remaining members of the board for the unexpired term.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.067. DIRECTOR'S BOND AND OATH. (a) As soon as practicable after a director is appointed, the director shall execute a \$10,000 bond payable to the district and conditioned on the faithful performance of the director's duties.

(b) Each director's bond must be approved by the board, and each director shall take the oath of office prescribed by the constitution for public officers.

(c) The bond and oath shall be filed with the district and retained in its records.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.068. OFFICERS. After directors are appointed and have qualified by executing a bond and taking the oath, they shall organize by electing a president, a vice-president, a secretary, and any other officers the board considers necessary.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.069. BOARD POSITION NOT CIVIL OFFICE OF EMOLUMENT. A position on the board may not be construed to be a civil office of emolument for any purpose, including those purposes described by Article XVI, Section 40, of the Texas Constitution.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.070. COMPENSATION OF DIRECTORS; REIMBURSEMENT OF EXPENSES. A director is not entitled to compensation for service on the board but is entitled to be reimbursed for necessary expenses incurred in carrying out the duties and responsibilities of a director.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.071. QUORUM. One-half of the serving directors constitutes a quorum, and a concurrence of a majority of a quorum of directors is required for any official action of the district. The written consent of at least two-thirds of the directors is required to authorize the levy of assessments, the levy of taxes, the imposition of impact fees, or the issuance of bonds.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. [1234](#)), Sec. 6, eff. September 1, 2011.

Sec. 375.072. PARTICIPATION IN VOTING. (a) A person who qualifies to serve on the board under Section [375.063](#) is qualified to serve as a director and participate in all votes pertaining to the business of the district regardless of any other statutory provision to the contrary.

(b) A director who has a beneficial interest in a business entity that will receive a pecuniary benefit from an action of the board may participate in discussion and vote on that action if a majority of the board has a similar interest in the same action or if all other similar business entities in the district will receive a similar pecuniary benefit.

(c) An employee of a public entity may serve on the board of directors of the district, but the public employee may not participate in the discussion of or vote on any matter regarding assessments on or contracts with the public entity of which the director is an employee.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

SUBCHAPTER E. POWERS AND DUTIES

Sec. 375.091. GENERAL POWERS OF DISTRICT. A district has the rights, powers, privileges, authority, and functions conferred by the general law of this state applicable to conservation and reclamation districts created under Article XVI, Section 59, of the Texas Constitution, including those conferred by Chapter 54, Water Code.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.225, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. 1234), Sec. 7, eff. September 1, 2011.

Sec. 375.092. SPECIFIC POWERS. (a) A district has the powers necessary or convenient to carry out and effect the purposes and provisions of this chapter, including the powers granted in this section.

(b) A district has perpetual succession.

(c) A district may sue and be sued in courts of competent jurisdiction, may institute and prosecute suits without giving security for costs, and may appeal from a judgment without giving supersedeas or cost bond.

(d) A district may incur liabilities, borrow money on terms and conditions the board determines, and issue notes, bonds, or other obligations.

(e) A district may acquire by grant, purchase, gift, devise, lease, or otherwise, and may hold, use, sell, lease, or dispose of real and personal property, and licenses, patents, rights, and interests necessary, convenient, or useful for the full exercise of any of its powers under this chapter.

(f) A district may acquire, construct, complete, develop, own, operate, and maintain permanent improvements and provide services that directly benefit property in the district, regardless of whether the improvements or services are located inside or outside its boundaries.

(g) A district may enter into agreements with a person or entity, public or private, for the joint use of facilities, installations, and property.

(h) A district may establish and maintain reasonable and nondiscriminatory rates, fares, tolls, charges, rents, or other fees or compensation for the use of the improvements constructed, operated, or maintained by the district.

(i) A district may enter contracts, leases, and agreements with and accept grants and loans from the United States and its departments and agencies, the state and its agencies, counties, municipalities, and political subdivisions, public or private corporations, including a nonprofit corporation created under a resolution of the board, and other persons and may perform all acts necessary for the full exercise of the powers vested in it on terms and conditions and for the term the board may determine to be advisable.

(j) A district may acquire property under conditional sales contracts, leases, equipment trust certificates, or any other form of contract or trust agreement.

(k) A district may sell, lease, convey, or otherwise dispose of any of its rights, interests, or properties that are not needed for or, in the case of leases, that are not inconsistent with the efficient operation and maintenance of the district's improvements. A district may sell, lease, or otherwise dispose of any surplus material or personal or real property not needed for its requirements or for the purpose of carrying out its powers under this chapter.

(l) A district may lease projects or any part of a project to or contract for the use or operation of the projects or any part of a project by any operator.

(m) A district may conduct hearings and take testimony and proof, under oath or affirmation, at public hearings, on any matter necessary to carry out the purposes of this chapter.

(n) A district may procure and pay premiums to insurers for insurance of any type in amounts considered necessary or advisable by the board.

(o) A district may do anything necessary, convenient, or desirable to carry out the powers expressly granted or implied by this chapter.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 717 (H.B. 304), Sec. 4, eff. September 1, 2019.

Sec. 375.0921. AUTHORITY FOR ROAD PROJECTS. (a) Under Section 52, Article III, Texas Constitution, a district may design, acquire, construct, finance, issue bonds for, improve, operate, maintain, and convey to this state, a county, or a municipality for operation and maintenance macadamized, graveled, or paved roads, or improvements, including storm drainage, in aid of those roads.

(b) The district may impose ad valorem taxes to provide for mass transit systems in the manner and subject to the limitations provided by Section 52, Article III, and Section 52-a, Article III, Texas Constitution.

Added by Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. 1234), Sec. 8, eff. September 1, 2011.

Sec. 375.0922. ROAD STANDARDS AND REQUIREMENTS. (a) A road project must meet all applicable construction standards, zoning and subdivision requirements, and regulations of each municipality in whose corporate limits or extraterritorial jurisdiction the road project is located.

(b) If a road project is not located in the corporate limits or extraterritorial jurisdiction of a municipality, the road project must meet all applicable construction standards, subdivision requirements, and regulations of each county in which the road project is located.

(c) If the state will maintain and operate the road, the Texas Transportation Commission must approve the plans and specifications of the road project.

Added by Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. 1234), Sec. 8, eff. September 1, 2011.

Sec. 375.093. USE AND ALTERATION OF PUBLIC WAYS. (a) With the consent of the municipality, the district is entitled to use the streets, alleys, roads, highways, and other public ways and to relocate, raise, reroute, change the grade of, and alter the construction of any street, alley, highway, road, railroad, electric lines and facilities, telegraph and telephone properties and facilities, pipelines and facilities, conduits and facilities, and other property, whether publicly or privately owned, as necessary or useful in the construction, reconstruction, repair, maintenance, and operation of the system or to have those things done at the district's sole expense.

(b) The district may not proceed with any action to change, alter, or damage the property or facilities of the state, its municipal corporations, agencies, or political subdivisions or of owners rendering public services, or that will disrupt those services being provided by others, or to otherwise inconvenience the owners of that property or those facilities without having first obtained the written consent of those owners. If the owners of the property or facilities desire to handle the

relocation, raising, change in the grade of, or alteration in the construction of the property or facilities with their own personnel or have the work done by contractors of their own choosing, the district may enter agreements with the owners providing for the necessary relocations, changes, or alterations of the property or facilities by the owners or contractors and the reimbursement by the district to those owners of the costs incurred by the owners in making those relocations, changes, or alterations or having them accomplished by contractors.

(c) If a district, in exercising any of the powers conferred by this chapter, requires the relocation, adjustment, raising, lowering, rerouting, or changing the grade of or altering the construction of any street, alley, highway, overpass, underpass, or road, any railroad track, bridge, or other facilities or property, any electric lines, conduits, or other facilities or property, any telephone or telegraph lines, conduits, or other facilities or property, any gas transmission or distribution pipes, pipelines, mains, or other facilities or property, any water, sanitary sewer or storm sewer pipes, pipelines, mains, or other facilities, or property, any cable television lines, cables, conduits, or other facilities or property, or any other pipelines and any facilities or properties relating to those pipelines, those relocations, adjustments, raising, lowering, rerouting, or changing of grade, or altering of construction must be accomplished at the sole cost and expense of the district, and damages that are suffered by the owners of the property or facilities shall be borne by the district.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.094. NO EMINENT DOMAIN POWER. A district may not exercise the power of eminent domain.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.095. MANAGEMENT BY BOARD OF DIRECTORS. The responsibility for the management, operation, and control of the property belonging to a district is vested in the board.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.096. SPECIFIC POWERS AND DUTIES OF BOARD. (a) The board may:



(1) employ all persons, firms, partnerships, or corporations considered necessary by the board for the conduct of the affairs of the district, including a general manager, bookkeepers, auditors, engineers, attorneys, financial advisers, peace or traffic control officers, architects, and operating or management companies and prescribe the duties, tenure, and compensation of each;

(2) dismiss employees;

(3) adopt a seal for the district;

(4) invest funds of the district in any investments authorized by Subchapter A, Chapter 2256, Government Code and provide, by resolution, that an authorized representative manage the district's funds and invest and reinvest the funds of the district on terms the board considers advisable;

(5) establish a fiscal year for the district;

(6) establish a complete system of accounts for the district and each year shall have prepared an audit of the district's affairs, which shall be open to public inspection, by an independent certified public accountant or a firm of independent certified public accountants; and

(7) designate one or more banks to serve as the depository bank or banks.

(b) Funds of a district shall be deposited in the depository bank or banks unless otherwise required by orders or resolutions authorizing the issuance of the district's bonds or notes. To the extent that funds in the depository bank or banks are not insured by the Federal Deposit Insurance Corporation, they must be secured in the manner provided by law for the security of funds of counties. The board by resolution may authorize a designated representative to supervise the substitution of securities pledged to secure the district's funds.

(c) The board may adopt and enforce reasonable rules and regulations governing the administration of the district and its programs and projects.

(d) The name of the district may be established or changed by resolution of the board.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.95(11), eff. Sept. 1, 1995.

Sec. 375.097. HEARINGS EXAMINER; ADMINISTRATIVE PROCEDURE ACT. (a) The board may appoint a hearings examiner to conduct any hearing called by the board,

including a hearing required by Chapter 395. The hearings examiner may be an employee or contractor of the district, or a member of the district's board.

(b) The hearing shall be conducted in accordance with Chapter 2001, Government Code.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.95(49), eff. Sept. 1, 1995.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. 1234), Sec. 9, eff. September 1, 2011.

Sec. 375.098. DISTRICT ACT OR PROCEEDING PRESUMED VALID. (a) A governmental act or proceeding of a district is conclusively presumed, as of the date it occurred, valid and to have occurred in accordance with all applicable statutes and rules if:

- (1) the third anniversary of the effective date of the act or proceeding has expired; and
- (2) a lawsuit to annul or invalidate the act or proceeding has not been filed on or before that third anniversary.

(b) This section does not apply to:

- (1) an act or proceeding that was void at the time it occurred;
- (2) an act or proceeding that, under a statute of this state or the United States, was a misdemeanor or felony at the time the act or proceeding occurred;
- (3) a rule that, at the time it was passed, was preempted by a statute of this state or the United States, including Section 1.06 or 109.57, Alcoholic Beverage Code; or
- (4) a matter that on the effective date of this section:
  - (A) is involved in litigation if the litigation ultimately results in the matter being held invalid by a final judgment of a court; or
  - (B) has been held invalid by a final judgment of a court.

Added by Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. 1234), Sec. 10, eff. September 1, 2011.

#### SUBCHAPTER F. ASSESSMENTS

Sec. 375.111. GENERAL POWERS RELATING TO ASSESSMENTS. In addition to the powers provided by Subchapter E, the board of a district may undertake improvement

projects and services that confer a special benefit on all or a definable part of the district. The board may levy and collect special assessments on property in that area, based on the benefit conferred by the improvement project or services, to pay all or part of the cost of the project and services. If the board determines that there is a benefit to the district, the district may provide improvements and services to an area outside the boundaries of the district.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.112. SPECIFIC POWERS RELATING TO ASSESSMENTS. (a) An improvement project or services provided by the district may include the construction, acquisition, improvement, relocation, operation, maintenance, or provision of:

(1) landscaping; lighting, banners, and signs; streets and sidewalks; pedestrian skywalks, crosswalks, and tunnels; seawalls; marinas; drainage and navigation improvements; pedestrian malls; solid waste, water, sewer, and power facilities, including electrical, gas, steam, cogeneration, and chilled water facilities; parks, plazas, lakes, rivers, bayous, ponds, and recreation and scenic areas; historic areas; fountains; works of art; off-street parking facilities, bus terminals, heliports, and mass transit systems; theatres, studios, exhibition halls, production facilities and ancillary facilities in support of the foregoing; and the cost of any demolition in connection with providing any of the improvement projects;

(2) other improvements similar to those described in Subdivision (1);

(3) the acquisition of real property or any interest in real property in connection with an improvement, project, or services authorized by this chapter, Chapter 54, Water Code, or Chapter 365 or 441, Transportation Code;

(4) special supplemental services for advertising, economic development, promoting the area in the district, health and sanitation, public safety, maintenance, security, business recruitment, development, elimination or relief of traffic congestion, recreation, and cultural enhancement; and

(5) expenses incurred in the establishment, administration, maintenance, and operation of the district or any of its improvements, projects, or services.

(b) An improvement project on two or more streets or two or more types of improvements may be included in one proceeding and financed as one improvement project.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.226, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. 1234), Sec. 11, eff. September 1, 2011.

Sec. 375.113. PROPOSED ASSESSMENTS. Services or improvement projects may be financed under this chapter after a hearing notice given as required by this subchapter and a public hearing by the board on the advisability of the improvements and services and the proposed assessments.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.114. PETITION REQUIRED. The board may not finance improvement projects or services under this chapter unless a written petition has been filed with the board requesting those improvements or services signed by:

(1) the owners of a majority of the assessed value of the property in the district subject to assessment, according to the most recent certified county property tax rolls; or

(2) for a proposed assessment to be apportioned under Section 375.119(1), the owners of a majority of the surface area of the real property subject to assessment by the district, according to the most recent certified county property tax rolls.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. 1234), Sec. 12, eff. September 1, 2011.

Acts 2019, 86th Leg., R.S., Ch. 717 (H.B. 304), Sec. 5, eff. September 1, 2019.

Sec. 375.115. NOTICE OF HEARING. (a) Notice of the hearing shall be given in a newspaper with general circulation in the county in which the district is located. The final publication must be made not later than the 30th day before the date of the hearing.

(b) The notice must include:

- (1) the time and place of the hearing;
- (2) the general nature of the proposed improvement project or services;
- (3) the estimated cost of the improvement, including interest during construction and associated financing costs; and
- (4) the proposed method of assessment.

(c) Written notice containing the information required by Subsection (b) shall be mailed by certified mail, return receipt requested, or by another method determined by the board to provide adequate proof that the notice was timely mailed, not later than the 30th day before the date of the hearing. The notice shall be mailed to each property owner in the district who will be subject to assessment at the current address of the property to be assessed as reflected on the tax rolls.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1265 (H.B. 871), Sec. 1, eff. September 1, 2009.

Sec. 375.116. CONCLUSION OF HEARING; FINDINGS. (a) A hearing on the services or improvement project, whether conducted by the board or a hearings examiner, may be adjourned from time to time.

(b) At the conclusion of the hearing, the board shall make findings by resolution or order relating to the advisability of the improvement project or services, the nature of the improvement project or services, the estimated cost, the area benefited, the method of assessment, and the method and time for payment of the assessment.

(c) If a hearings examiner is appointed to conduct the hearing, after conclusion of the hearing, the hearings examiner shall file with the board a report stating the examiner's findings and conclusions.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.117. AREA TO BE ASSESSED. (a) The area of the district to be assessed according to the findings of the board may be the entire district or any part of the district and may be less than the area proposed in the notice of the hearing.

(b) Except as provided by Subsection (c), the area to be assessed may not include property that is not within the district boundaries at the time of the hearing unless there is an additional hearing, preceded by the required notice.

(c) The owner of improvements constructed or land annexed to the district after the district has imposed assessments may waive the right to notice and an assessment hearing and may agree to the imposition and payment of assessments at an agreed rate for improvements constructed or land annexed to the district.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.118. OBJECTIONS; LEVY OF ASSESSMENT. (a) At a hearing on proposed assessments, at any adjournment of the hearing, or after consideration of the hearings examiner's report, the board shall hear and rule on all objections to each proposed assessment.

(b) The board may amend proposed assessments for any parcel.

(c) After all objections have been heard and action has been taken with regard to those objections, the board, by order or resolution, shall levy the assessments as special assessments on the property and shall specify the method of payment of the assessments and may provide that those assessments be paid in periodic installments, including interest.

(d) Periodic installments must be in amounts sufficient to meet annual costs for services and improvements as provided by Section 375.119 and continue for the number of years required to retire indebtedness or pay for the services to be rendered. The board may provide interest charges or penalties for failure to make timely payment and also may levy an amount to cover delinquencies and expenses of collection.

(e) If assessments are levied for more than one service or improvement project, the board may provide that assessments collected for one service or improvement project may be borrowed to be used for another service or improvement project.

(f) The board shall establish a procedure for the distribution or use of any assessments in excess of those necessary to finance the services or improvement project for which those assessments were collected.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.119. APPORTIONMENT OF COST. The portion of the cost of an improvement project or services to be assessed against the property in the district shall be apportioned by the board based on the special benefits accruing to the property because of the improvement project or services. The cost may be assessed:

(1) equally by front foot or by square foot of land area against all property in the district;

(2) against property according to the value of the property as determined by the board, with or without regard to structures or other improvements on the property; or

(3) on any other reasonable assessment plan that results in imposing fair and equitable shares of the cost on property similarly benefited.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.120. ASSESSMENT ROLL. If the total cost of an improvement project or services is determined, the board shall levy the assessments against each parcel of land against which an assessment may be levied in the district. With regard to an assessment for services, the board may levy an annual assessment that may be lower but not higher than the initial assessment. The board shall have an assessment roll prepared showing the assessments against each property and the board's basis for the assessment. The assessment roll shall be filed with the secretary of the board or other officer who performs the function of secretary and be open for public inspection.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.121. INTEREST ON ASSESSMENTS; LIEN. (a) Assessments bear interest at a rate specified by the board that may not exceed the interest rate permitted by Chapter 1204, Government Code.

(b) Interest on an assessment between the effective date of the order or resolution levying the assessment and the date the first installment and any related penalty is payable shall be added to the first installment. The interest or penalties on all unpaid installments shall be added to each subsequent installment until paid.

(c) An assessment or any reassessment and any interest and penalties on that assessment or reassessment is a lien against the property until it is paid.

(d) The owner of any property assessed may pay at any time the entire assessment against any lot or parcel with accrued interest to the date of the payment.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991. Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.331, eff. Sept. 1, 2001.

Sec. 375.122. SUPPLEMENTAL ASSESSMENTS. After notice and hearing in the manner required for original assessments, the board may make supplemental assessments to correct omissions or mistakes in the assessment:

- (1) relating to the total cost of the improvement project or services;
- or
- (2) covering delinquencies or costs of collection.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.123. APPEAL. (a) After determination of an assessment, a property owner may appeal the assessment to the board. The property owner must file a notice of appeal with the board not later than the 30th day after the date that the assessment is adopted. The board shall set a date to hear the appeal.

(b) The property owner may appeal the board's decision on the assessment to a court of competent jurisdiction. The property owner must file notice of the appeal with the court of competent jurisdiction not later than the 30th day after the date of the board's final decision with respect to the assessment.

(c) Failure to file either of the notices in the time required by this section results in a loss of the right to appeal the assessment.

(d) If an assessment against a parcel of land is set aside by a court of competent jurisdiction, found excessive by the board, or determined to be invalid by the board, the board may make a reassessment or new assessment of the parcel.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.124. APPEAL OF ORDER. A person against whom an assessment is made by board order may appeal the assessment to a district court in the county in which the district is located in the manner provided for the appeal of contested cases under Chapter 2001, Government Code. Review by the district court is by trial de novo.



Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.95(49), eff. Sept. 1, 1995.

#### SUBCHAPTER G. IMPACT FEES

Sec. 375.141. IMPOSITION OF IMPACT FEES. (a) The board may impose impact fees to pay for the cost of providing improvements that the district is authorized to provide under this chapter, including mass transit systems.

(b) The board may provide for impact fees to be paid in periodic installments and may include an interest charge from the date the impact fees are imposed to the date the impact fees are paid.

(c) The board may provide interest charges and penalties for failure to make timely payment and also may levy an amount to cover delinquencies and expenses of collection.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.142. PROCEDURE FOR ADOPTING IMPACT FEES. Impact fees shall be adopted under the procedures provided by Chapter 395, Local Government Code.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

#### SUBCHAPTER H. EXEMPTIONS

Sec. 375.161. CERTAIN RESIDENTIAL PROPERTY EXEMPT. (a) Except as provided by Subsection (b), the board may not impose an impact fee, assessment, tax, or other requirement for payment, construction, alteration, or dedication under this chapter on single-family detached residential property, duplexes, triplexes, and fourplexes.

(b) This section does not apply to a tax authorized or approved by the voters of the district or a required payment for a service provided by the district, including water and sewer services.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 105 (S.B. 902), Sec. 2, eff. September 1, 2013.

Sec. 375.162. GOVERNMENTAL ENTITIES; ASSESSMENTS. Payment of assessments by municipalities, counties, other political subdivisions, and organizations exempt from federal income tax under Section 501(c)(3), Internal Revenue Code of 1986, shall be established by contract. Municipalities, counties, and other political subdivisions may contract with the district under terms and conditions those entities consider advisable to provide for the payment of assessments.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.163. RECREATIONAL, PARK, OR SCENIC USE PROPERTY. (a) Property that comprises three or more acres, separated only by streets or public rights-of-way, that was used primarily for recreational, park, or scenic use during the immediately preceding calendar year and on which money has been spent for landscaping at any time in an amount that is equal to the lesser of five years of proposed district assessments on the property or the proposed amount of the district's assessments on the property pursuant to a plan of assessment adopted by the board is exempt from assessment by the district, except with consent of the owner of the property.

(b) Property is exempt from assessment by the district under this section during the period that the property is used primarily for recreational, park, or scenic use in accordance with this section.

(c) The fact that property is exempt from assessment by the district may not be construed to be an express or implied dedication of the property to the public for recreational, park, scenic, or other public use or constitute evidence of an intent by the owner of the property to make or offer to make that type of dedication and does not affect the status of the property as private property.

(d) If the district levies ad valorem taxes, property that qualifies for an exemption from assessment under this section must be taxed by the district at its appraised value for recreational, park, or scenic use determined in accordance with Subchapter F, Chapter 23, Tax Code.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.164. RESIDENTIAL PROPERTY EXEMPTED BY BOARD. The board may exempt residential property from all or a part of the assessments levied on that property or determine that residential property will not be benefited by the proposed improvement project or services.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.165. GOVERNMENTAL ENTITIES; IMPACT FEES. (a) A municipality, county, or other political subdivision is exempt from impact fees imposed by the district unless the municipality, county, or other political subdivision consents to payment of the fees by official act of its governing body.

(b) Payment of impact fees by a municipality, county, or other political subdivision must be established by contract.

(c) A municipality, county, or other political subdivision may contract with the district under terms and conditions the governmental entity considers advisable to provide for payment of impact fees.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

#### SUBCHAPTER I. FUNDS

Sec. 375.181. FUNDS AVAILABLE FOR PAYMENT OF PROJECTS AND SERVICES. (a) The cost of any improvement project or services, including interest during construction and costs of issuance of bonds, may be paid from general or available funds, assessments, or the proceeds of bonds payable from taxes, revenues, assessments, impact fees, grants, gifts, contracts, leases, or any combination of those funds.

(b) During the progress of an improvement project or services, the board may issue temporary notes to pay the costs of the improvement project or services and issue bonds on completion.

(c) The costs of more than one improvement project or service may be paid from a single issue and sale of bonds without other consolidation proceedings before the bond issue.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.182. PROHIBITED USE OF FUNDS. Funds may not be spent, an assessment imposed, or a tax levied under this chapter to finance the opening, reopening, or maintenance of a pass, canal, or waterway across a barrier island connecting the Gulf of Mexico with inland waters.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

## SUBCHAPTER J. BONDS

Sec. 375.201. GENERAL OBLIGATION AND REVENUE BONDS. For the payment of all or part of the costs of an improvement project or services, the board may issue bonds in one or more series payable from and secured by ad valorem taxes, assessments, impact fees, revenues, grants, gifts, contracts, leases, or any combination of those funds. Bonds may be liens on all or part of the revenue derived from improvements authorized under this chapter, including installment payments of special assessments or from any other source pledged to their payment.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.202. TERMS AND CONDITIONS OF BONDS. (a) Bonds may be issued to mature serially or otherwise not more than 40 years from their date of issue. Provision may be made for the subsequent issuance of additional parity bonds or subordinate lien bonds under terms or conditions that may be stated in the order or resolution authorizing the issuance of the bonds.

(b) The bonds are negotiable instruments within the meaning and for purposes of the Business & Commerce Code.

(c) The bonds may be issued registrable as to principal alone or as to both principal and interest, shall be executed, may be made redeemable before maturity, may be issued in the form, denominations, and manner and under the terms, conditions, and details, may be sold in the manner, at the price, and under the terms, and shall bear interest at the rates determined and provided in the order or resolution authorizing the issuance of the bonds.

(d) Bonds may bear interest and may be issued in accordance with Chapters 1201, 1204, and 1371, Government Code, and Subchapters A-C, Chapter 1207, Government Code.

(e) If provided by the bond order or resolution, the proceeds from the sale of bonds may be used to pay interest on the bonds during and after the period of the acquisition or construction of any improvement project to be provided through the issuance of the bonds, to pay administrative and operation expenses to create a reserve fund for the payment of the principal of and interest on the bonds, to pay costs associated with the issuance of the bonds, and to create any other funds. The proceeds of the bonds may be placed on time deposit or invested, until needed, in securities in the manner provided by the bond order or resolution.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991. Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.332, eff. Sept. 1, 2001.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. 1234), Sec. 13, eff. September 1, 2011.

Sec. 375.203. PLEDGES. (a) The board may pledge all or part of the income or assessments from improvement projects financed under this chapter or from any other source to the payment of the bonds, including the payment of principal, interest, and any other amounts required or permitted in connection with the bonds. The pledged income shall be set and collected in amounts that will be at least sufficient, with any other pledged resources, to provide for all payments of principal, interest, and any other amounts required in connection with the bonds and, to the extent required by the order or resolution authorizing the issuance of the bonds, to provide for the payment of expenses in connection with the bonds and to pay operation, maintenance, and other expenses in connection with the improvement projects authorized under this chapter.

(b) Bonds may be additionally secured by a mortgage or deed of trust on real property relating to the facilities authorized under this chapter owned or to be acquired by the district and by chattel mortgages, liens, or security interests on personal property appurtenant to that real property. The board may authorize the execution of trust indentures, mortgages, deeds of trust, or other forms of encumbrance to evidence the indebtedness.

(c) The board may pledge to the payment of the bonds all or any part of any grant, donation, revenues, or income received or to be received from the United States government or any other public or private source.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.204. REFUNDING BONDS. (a) Bonds issued under this chapter may be refunded or otherwise refinanced by the issuance of refunding bonds under terms or conditions determined by order or resolution of the board. Refunding bonds may be issued in amounts necessary to pay the principal of and interest and redemption premium, if any, on bonds to be refunded, at maturity or on any redemption date, and to provide for the payment of costs incurred in connection with the refunding.

(b) The refunding bonds shall be issued in the manner provided by this chapter for other bonds.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.205. APPROVAL BY ATTORNEY GENERAL; REGISTRATION. (a) The district shall submit bonds and the appropriate proceedings authorizing their issuance to the attorney general for examination. This subsection applies only to bonds that are public securities, as that term is defined by Section 1202.001, Government Code.

(b) If the bonds recite that they are secured by a pledge of assessments, impact fees, revenues, or rentals from a contract or lease, the district also shall submit to the attorney general a copy of the assessment procedures, impact fee procedures, contract, or lease and the proceedings relating to it.

(c) If the attorney general finds that the bonds have been authorized and any assessment, contract, or lease has been made in accordance with law, the attorney general shall approve the bonds and the assessment, impact fee, contract, or lease, and the bonds shall be registered by the comptroller.

(d) After approval and registration, the bonds and any assessment, impact fee, contract, or lease relating to them are incontestable in any court or other forum for any reason and are valid and binding obligations for all purposes in accordance with their terms.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. 1234), Sec. 14, eff. September 1, 2011.

Sec. 375.206. AUTHORIZED INVESTMENTS; SECURITY. (a) District bonds are legal and authorized investments for:

- (1) banks, trust companies, and savings and loan associations;
- (2) insurance companies;
- (3) fiduciaries, trustees, and guardians; and
- (4) all interest and sinking funds and other public funds of the state and agencies, subdivisions, and instrumentalities of the state, including counties, municipalities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.

(b) District bonds are eligible and lawful security for deposits of counties, municipalities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, when accompanied by any unmatured interest coupons appurtenant to the bonds.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.207. MUNICIPAL APPROVAL. (a) A district must obtain the approval of the governing body of the municipality in which it is located for bond issues for an improvement project and the plans and specifications of an improvement project financed by the bond issue before those bonds may be issued.

(b) Instead of approval of bonds by the municipality, the district before finally approving a capital improvements budget may obtain approval from the governing body of the municipality of a capital improvements budget for a period not to exceed five years. If a district obtains approval of a capital improvements budget, it may finance the capital improvements and issue bonds specified in the budget without further approval from the municipality.

(c) A district must obtain approval from the municipality of the plans and specifications of any improvement project that involves the use of the rights-of-way of streets, roads, or highways or the use of municipal land or any easements granted by the municipality.

(d) Except as provided by Section [375.263](#), a municipality is not obligated to pay any bonds, notes, or other obligations of the district.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.208. COMMISSION APPROVAL. A district must obtain approval of the commission as provided by Chapter [54](#), Water Code, if it issues bonds to provide water, sewage, or drainage facilities. Except as expressly provided by this section and Sections [375.062](#) and [375.064](#), a district is not subject to the jurisdiction of the commission.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.209. TAXES FOR BONDS. At the time the district issues bonds payable wholly or partly from ad valorem taxes, the board shall provide for the annual imposition of a continuing direct annual ad valorem tax, without limit as to rate or amount, while all or part of the bonds are outstanding as required and in the manner provided by Sections 54.601 and 54.602, Water Code.

Added by Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. 1234), Sec. 15, eff. September 1, 2011.

#### SUBCHAPTER K. COMPETITIVE BIDDING; DISADVANTAGED BUSINESSES

Sec. 375.221. APPLICABILITY OF WATER DISTRICTS LAW TO COMPETITIVE BIDDING ON CERTAIN CONTRACTS. (a) Except as provided by Subsection (b) of this section, Subchapter I, Chapter 49, Water Code, applies to a district contract for construction work, equipment, materials, or machinery.

(b) The board may adopt rules governing receipt of bids and the award of the contract and providing for the waiver of the competitive bid requirement if:

- (1) there is an emergency;
- (2) the needed materials are available from only one source;
- (3) in a procurement requiring design by the supplier competitive bidding would not be appropriate and competitive negotiation, with proposals solicited from an adequate number of qualified sources, would permit reasonable competition consistent with the nature and requirements of the procurement; or
- (4) after solicitation, it is ascertained that there will be only one bidder.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991. Amended by Acts 1993, 73rd Leg., ch. 757, Sec. 20, eff. Sept. 1, 1993.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1266 (H.B. 987), Sec. 13, eff. June 19, 2009.

Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. 1234), Sec. 16, eff. September 1, 2011.

Sec. 375.222. DISADVANTAGED BUSINESSES. (a) A district shall attempt to stimulate the growth of disadvantaged businesses inside its boundaries by encouraging the full participation of disadvantaged businesses in all phases of its procurement



activities and affording those disadvantaged businesses a full and fair opportunity to compete for district contracts.

(b) A district shall establish one or more programs designed to increase participation by disadvantaged businesses in public contract awards. Each program shall be structured to further remedial goals and shall be established to eradicate the effects of any prior discrimination.

(c) The board shall review each of its disadvantaged business programs on an annual basis to determine if each program is the most effective method for remedying historical discriminatory actions. The board's review shall determine whether statistically significant disparities exist between the disadvantaged businesses in the relevant market that are qualified to undertake district work and the percentage of total district funds that are awarded to disadvantaged businesses.

(d) A program established by a district under this section must attempt to remedy any statistically significant disparities that are found to exist, and, because a program is remedial in nature, it continues only until its purposes and objectives are met as determined by the regular periodic review.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.223. SUPERSEDES OTHER LAW. This chapter states the required procedures necessary for the district to award contracts and supersedes any law or other requirement with respect to award of contracts.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

#### SUBCHAPTER L. ELECTIONS

Sec. 375.241. TIME OF ELECTION. (a) A bond election, maintenance tax election, and any other election held in a district may be held at the same time and in conjunction with any other election.

(b) Elections shall be called and held as provided by the appropriate provisions of Chapter 54, Water Code.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.242. ELECTION CALLED BY BOARD. The board may call an election for the purpose of voting on any measure.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.243. PETITION REQUIRED FOR BOND ELECTION. The board may not call a bond election unless a written petition has been filed with the board requesting an election signed by the owners of a majority of the assessed value of the property subject to assessment or taxation by the district as determined from the most recent certified county property tax rolls.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 717 (H.B. 304), Sec. 6, eff. September 1, 2019.

Sec. 375.244. ELECTION TO APPROVE ISSUANCE OF BONDS. (a) Bonds payable in whole or in part from taxes may not be issued unless approved by a majority or any larger percentage if required by the constitution of the qualified voters in the district voting at an election held for that purpose.

(b) Bonds payable from sources other than taxes may be issued by the board, and assessments may be levied without approval at an election.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

#### SUBCHAPTER M. DISSOLUTION

Sec. 375.261. DISSOLUTION BY BOARD VOTE. Except as limited by Section 375.264, the board of a district by majority vote may dissolve the district at any time.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.262. DISSOLUTION BY PETITION BY OWNERS. Except as limited by Section 375.264, the board shall dissolve the district on written petition filed with the board by the owners of at least two-thirds of the assessed value of the property subject to assessment or taxation by the district based on the most recent certified county property tax rolls.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 717 (H.B. 304), Sec. 7, eff. September 1, 2019.

Sec. 375.263. DISSOLUTION BY MUNICIPAL ORDINANCE. (a) The governing body of a municipality in which a district is wholly located, by a vote of not less than two-thirds of its membership, may adopt an ordinance dissolving the district.

(b) On the adoption of the ordinance, the district is dissolved, and, in accordance with Section 43.075, the municipality succeeds to the property and assets of the district and assumes all bonds, debts, obligations, and liabilities of the district.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991. Amended by Acts 1999, 76th Leg., ch. 62, Sec. 13.20, eff. Sept. 1, 1999.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. 1234), Sec. 17, eff. September 1, 2011.

Sec. 375.264. LIMITATION ON DISSOLUTION BY BOARD. A district may not be dissolved by its board if the district has any outstanding bonded indebtedness until that bonded indebtedness has been repaid or defeased in accordance with the order or resolution authorizing the issuance of the bonds.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991. Amended by Acts 1999, 76th Leg., ch. 62, Sec. 13.21, eff. Sept. 1, 1999.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. 1234), Sec. 18, eff. September 1, 2011.

#### SUBCHAPTER N. CONTRACTS WITH DISTRICT

Sec. 375.281. CONTRACTS WITH DISTRICT. Notwithstanding any other law to the contrary, a state agency, municipality, county, other political subdivision, corporation, individual, or other entity may contract with a district without further authorization to carry out the purposes of this chapter.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.05(a), eff. Aug. 26, 1991.

Sec. 375.282. STRATEGIC PARTNERSHIP AGREEMENT. A district with territory in the extraterritorial jurisdiction of a municipality may negotiate and enter into a written strategic partnership with the municipality under Section 43.0751.

Added by Acts 2011, 82nd Leg., R.S., Ch. 912 (S.B. 1234), Sec. 19, eff. September 1, 2011.

#### SUBCHAPTER O. DEFENSE ADJUSTMENT MANAGEMENT AUTHORITY

Sec. 375.301. LEGISLATIVE FINDINGS; PURPOSES. (a) The legislature finds that:

(1) the closure of certain defense bases has had a negative impact on the economic development of the areas within the former defense bases and the areas in the general vicinity of the former defense bases and that the creation of the specific type of authority provided for in this subchapter is essential to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution;

(2) it is an appropriate role for a municipality to foster economic opportunity, job generation, and capital investment by promoting a favorable business climate, preparing the workforce for productive employment, and supporting infrastructure development in areas around defense bases that are intended to be annexed by the municipality; and

(3) the programs designed to create a competent and qualified workforce are essential both to the economic growth and vitality of many municipalities in this state and to the elimination of unemployment and underemployment in those municipalities.

(b) The programs authorized by this subchapter are in the public interest, promote the economic welfare of this state, and serve the public purpose of developing and diversifying the economy of this state and of eliminating unemployment and underemployment in this state.

Added by Acts 2003, 78th Leg., ch. 961, Sec. 1, eff. June 20, 2003.

Sec. 375.302. CONSTRUCTION OF SUBCHAPTER. (a) This subchapter shall be liberally construed in conformity with the findings and purposes stated in Section [375.301](#).

(b) Except as provided by this subchapter, the other provisions of this chapter apply to an authority created under this subchapter.

Added by Acts 2003, 78th Leg., ch. 961, Sec. 1, eff. June 20, 2003.

Sec. 375.303. DEFINITIONS. In this subchapter:

(1) "Authority" means a defense adjustment management authority created under this subchapter.

(2) "Eligible project" means a program authorized by Section [379A.051](#) and a project as defined by Section [501.002](#) and Sections [505.151](#)-[505.156](#). Notwithstanding this definition, seeking a charter for or operating an open-enrollment charter school authorized by Subchapter D, Chapter [12](#), Education Code, shall not be an eligible project.

Added by Acts 2003, 78th Leg., ch. 961, Sec. 1, eff. June 20, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. [2278](#)), Sec. 3.22, eff. April 1, 2009.

Sec. 375.304. ELIGIBILITY FOR CREATION BY MUNICIPALITY. (a) The governing body of a municipality by resolution or ordinance may create an authority in an area that is:

(1) in the same county as a military installation or facility that is:  
(A) closed or realigned under the Defense Base Closure and Realignment Act of 1990 (10 U.S.C. Section 2687 note) and its subsequent amendments;  
or

(B) a base efficiency project as defined by Section [379B.001](#);  
and

(2) in an area that has been annexed or disannexed for full or limited purposes under Subchapter F, Chapter [43](#), by a municipality with a population of at least 1.1 million or is in the extraterritorial jurisdiction of a municipality with a population of at least 1.1 million and that has been annexed for limited purposes by the municipality under Subchapter F, Chapter [43](#).

(b) Subchapter B and Sections 375.041 and 375.042 do not apply to this subchapter.

Added by Acts 2003, 78th Leg., ch. 961, Sec. 1, eff. June 20, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. 334 (S.B. 1105), Sec. 1, eff. June 17, 2005.

Sec. 375.305. HEARING ON CREATION OF AUTHORITY. (a) Not earlier than the 60th day or later than the 30th day before the date the governing body of the municipality creates the authority, the governing body of the municipality shall hold two public hearings to consider the creation of the proposed authority. The municipality must publish notice of each public hearing in a newspaper of general circulation in the area of the proposed authority at least seven days before each public hearing.

(b) The notice required by Subsection (a) must state:

- (1) the name of the proposed authority;
- (2) the date, time, and place for the public hearing;
- (3) the boundaries of the proposed authority, including a map of the proposed authority; and
- (4) the powers of the proposed authority, including the power to levy assessments and to impose a sales and use tax.

Added by Acts 2003, 78th Leg., ch. 961, Sec. 1, eff. June 20, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. 334 (S.B. 1105), Sec. 2, eff. June 17, 2005.

Sec. 375.306. BOARD OF DIRECTORS. (a) The board consists of 11 directors.

(b) The municipality shall appoint four members of the board.

(c) The county in which the municipality is primarily located shall appoint four members of the board.

(d) School districts whose boundaries overlap with an authority by 5,000 or more acres shall collectively appoint three members of the board.

(e) Except for the presiding officer, directors are appointed for terms of two years. Terms of directors may be staggered, and directors may serve successive terms.

(f) A vacancy on the board is filled for the unexpired term by the governing body of the entity that appointed the director who served in the vacant position.

(g) The mayor of the municipality and the county judge of the county in which the authority is primarily located shall, alternately, appoint one director to serve as presiding officer, with the first appointment to be made by the mayor of the municipality. The presiding officers shall serve for a term of four years beginning on January 1 of the year following the appointment. The board may elect an assistant presiding officer to preside in the absence of the presiding officer or when there is a vacancy in that office. The board may elect other officers as it considers appropriate.

(h) Sections 375.061, 375.063, 375.066, and 375.068 and the limitations of Section 375.072(c) do not apply to this subchapter.

Added by Acts 2003, 78th Leg., ch. 961, Sec. 1, eff. June 20, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. 334 (S.B. 1105), Sec. 3, eff. June 17, 2005.

Acts 2011, 82nd Leg., R.S., Ch. 663 (S.B. 1493), Sec. 1, eff. June 17, 2011.

Sec. 375.307. QUALIFICATIONS OF DIRECTORS. (a) At least three directors appointed by the municipality and at least three directors appointed by the county must:

- (1) reside in the authority; or
- (2) own property in the authority.

(b) Representatives or agents of a school district whose boundaries overlap with an authority or of an institution of higher education that operates facilities within an authority may serve on the board.

(c) To be qualified to serve as a director appointed by the municipality or the county, a person who does not meet the qualifications of Subsection (a) must be:

- (1) an owner of stock, whether beneficial or otherwise, of a corporate owner of property in the authority;
- (2) an owner of a beneficial interest in a trust that owns property in the authority; or
- (3) an agent, employee, or tenant of a person who:
  - (A) owns property in the authority; or
  - (B) is covered by Subdivision (1) or (2).

Added by Acts 2003, 78th Leg., ch. 961, Sec. 1, eff. June 20, 2003.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 663 (S.B. 1493), Sec. 2, eff. June 17, 2011.

Sec. 375.308. POWERS OF THE AUTHORITY; MUNICIPALITY. (a) An authority:

(1) may plan, design, implement, develop, construct, and finance eligible projects as defined in this subchapter; and

(2) has the powers of a municipality under Chapter 378, as added by Chapter 1221, Acts of the 76th Legislature, Regular Session, 1999, and Chapter 380.

(b) An authority may not:

(1) issue bonds or notes without the prior approval of the governing body of the municipality that created the authority;

(2) seek a charter for or operate, within the boundaries of the authority, an open-enrollment charter school authorized by Subchapter D, Chapter 12, Education Code; or

(3) levy ad valorem property taxes.

(c) A municipality may not seek a charter for or operate an open-enrollment charter school authorized by Subchapter D, Chapter 12, Education Code, within the boundaries of the authority.

Added by Acts 2003, 78th Leg., ch. 961, Sec. 1, eff. June 20, 2003.

Sec. 375.3085. ANNEXATION OR DISANNEXATION. (a) The board may vote to annex or disannex territory to an authority.

(b) Not earlier than the 60th or later than the 30th day before the date the board votes on the annexation or disannexation, the board shall hold two public hearings to consider the annexation or disannexation. The board must publish notice of each public hearing in a newspaper of general circulation in the area of the proposed annexed or disannexed territory at least seven days before each public hearing.

(c) The notice must state:

(1) the date, time, and place for the public hearing; and

(2) the amended boundaries of the authority, including a map of the proposed annexation or disannexation of territory in the authority.

(d) If the board approves the proposed annexation or disannexation, the board shall submit the action to the governing body of the municipality for approval. The



annexation or disannexation takes effect on the date the governing body of the municipality approves the annexation or disannexation by ordinance.

(e) Section 375.043 does not apply to the authority.

Added by Acts 2005, 79th Leg., Ch. 334 (S.B. 1105), Sec. 4, eff. June 17, 2005.

Sec. 375.309. MUNICIPAL ANNEXATION OF AREA IN AN AUTHORITY. (a) A municipality that creates an authority under this subchapter may annex all or part of the territory located in the authority under Chapter 43.

(b) Annexation of territory located in the authority does not affect the operation of the authority.

(c) Creation of an authority does not:

(1) affect the power of the municipality to designate all or part of an area in the authority as an industrial authority;

(2) limit a power of the municipality conferred by Chapter 42; or

(3) impose a duty on or affect the power of the municipality to provide municipal services to any area in the municipality or its extraterritorial jurisdiction that is in the authority.

Added by Acts 2003, 78th Leg., ch. 961, Sec. 1, eff. June 20, 2003.

Sec. 375.310. AUTHORITY PLAN. (a) An authority may only develop or construct public improvements or eligible projects in areas designated in an authority plan approved by the board and the governing body of the municipality that created the authority.

(b) The plan must include the information required for a municipal reinvestment zone under Sections 311.011(b) and (c), Tax Code, for the area of the authority. For the purposes of applying those sections, the area of the authority affected constitutes a zone.

(c) The authority shall generate the plan based on the economic development needs of the property owners and constituents in the authority.

(d) After approval by the board, the authority shall submit the plan to the municipality for approval. Before taking action to approve or reject the plan, the municipality shall make a copy of the proposed plan available to the public and hold hearings and publish notice of the hearings in the manner required by Section 375.305.

The notice of the public hearings must state where a copy of the proposed plan is available for inspection.

(e) The board may amend and submit the approved plan to the governing body of the municipality for approval.

(f) Before approving the authority's plan or any amendment, the municipality shall publish notice and hold hearings as required by Subsection (d).

Added by Acts 2003, 78th Leg., ch. 961, Sec. 1, eff. June 20, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. 334 (S.B. 1105), Sec. 5, eff. June 17, 2005.

Sec. 375.311. SALES AND USE TAX. (a) An authority may impose a sales and use tax to support or finance public infrastructure projects and eligible projects authorized under this subchapter if the tax is authorized by a majority of the qualified voters of the authority voting at an election held for that purpose in the manner provided by Sections 375.241 and 375.242.

(b) If an authority adopts the tax authorized by Subsection (a), a tax is imposed on the receipts from the sale at retail of taxable items within the authority at the rate approved by the voters. The rate must be equal to one-eighth, one-fourth, three-eighths, or one-half of one percent.

(c) Chapter 321, Tax Code, governs the imposition, computation, administration, governance, and abolition of a tax imposed under this section.

(d) If any territory in the authority is annexed by the municipality, the municipality's sales and use tax applies in the annexed area. If the authority's sales and use tax rate, when combined with any other sales and use tax applicable in the authority, exceeds two percent, the authority's sales and use tax is abolished upon annexation.

Added by Acts 2003, 78th Leg., ch. 961, Sec. 1, eff. June 20, 2003.

Sec. 375.312. ZONING AND PLANNING. (a) An authority has the power of a municipality under Chapters 211 and 212 in the area of the authority, including an area of the authority that is in the boundaries of a municipality's limited purpose jurisdiction. On annexation of an area of the authority for full purposes by a municipality, the authority's power to regulate the area under Chapter 211 or 212

expires. The authority regains the power in an area if the municipality disannexes the area.

(b) The board may divide the authority into distinct areas as provided by Section 211.005 to accomplish the purposes of this chapter and Chapter 211.

Added by Acts 2003, 78th Leg., ch. 961, Sec. 1, eff. June 20, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. 334 (S.B. 1105), Sec. 6, eff. June 17, 2005.

Sec. 375.313. REGIONAL DEVELOPMENT AGREEMENTS. (a) An authority may enter into regional development agreements with its creating municipality, other municipalities, counties, school districts, institutions of higher education, other political subdivisions, and private interests to:

(1) promote and advance long-term economic development in the authority; or

(2) achieve the purposes for the authority's creation and to implement the powers provided to the authority under this chapter.

(b) An authority, a municipality, a school district whose boundary overlaps with a portion of an authority, or an institution of higher education may enter into an agreement to:

(1) fund improvements to school facilities and teacher compensation of school districts or institutions of higher education in the authority; and

(2) develop programs provided for in Section 379A.051.

(c) Any agreement entered into with a school district under this section shall be designed in such a way that the school district funding under Title 2, Education Code, shall be not less than the school district would have received had the school district not entered into the agreement. This provision may be waived by a school district board of trustees by specific action suspending the provisions of this subsection.

Added by Acts 2003, 78th Leg., ch. 961, Sec. 1, eff. June 20, 2003.

Sec. 375.314. DISSOLUTION OF THE AUTHORITY. (a) The governing body of the municipality that created an authority under this subchapter may dissolve the authority.

(b) Before dissolution, the municipality shall publish notice and hold public hearings on the proposed dissolution in the manner provided in Section [375.305](#).

(c) On dissolution, the municipality shall assume the assets, debts, and other obligations of the authority.

(d) Subchapter M does not apply to this subchapter.

Added by Acts 2003, 78th Leg., ch. 961, Sec. 1, eff. June 20, 2003.

Sec. 375.315. EFFECTIVENESS STUDY; REPORT. (a) The board of an authority shall study the effectiveness of the authority.

(b) Not later than December 31 of each even-numbered year, the board of an authority shall report to the legislature on the effectiveness of the authority. The report must:

(1) compare utility and infrastructure development in:

(A) the authority since the authority's creation; and

(B) areas in the municipality that created the authority that are not in the authority;

(2) identify methods for improving residential, commercial, and industrial development in the authority;

(3) identify limitations and impediments to development in the authority;

(4) identify methods to improve the authority's accountability to property owners in the authority; and

(5) identify any competitive advantage opportunities of the authority.

Added by Acts 2011, 82nd Leg., R.S., Ch. 663 (S.B. [1493](#)), Sec. 3, eff. June 17, 2011.

#### SUBCHAPTER P. CONSOLIDATION OF DISTRICTS

Sec. 375.351. CONSOLIDATION OF DISTRICTS. (a) Two or more districts may consolidate into one district under this subchapter if none of the districts to be consolidated has issued bonds or notes secured by assessments or ad valorem taxes, or has levied taxes.

(b) To initiate a consolidation, the board of a district shall adopt a resolution proposing a consolidation and deliver a copy of the resolution to the board of each district with which consolidation is proposed.

(c) A consolidation under this subchapter occurs if the board of each involved district adopts a resolution containing the terms and conditions for the consolidation.

Added by Acts 2009, 81st Leg., R.S., Ch. 1155 (H.B. 3009), Sec. 1, eff. June 19, 2009.

Sec. 375.352. TERMS AND CONDITIONS FOR CONSOLIDATION. (a) The terms and conditions for consolidation must include:

- (1) adoption of a name for the consolidated district;
- (2) the number and apportionment of directors to serve on the board of the consolidated district;
- (3) the effective date of the consolidation;
- (4) an agreement on finances for the consolidated district, including disposition of funds, property, and other assets of each district; and
- (5) an agreement on governing the districts during the transition period, including selection of officers.

(b) The terms and conditions for consolidation may include any terms or conditions to which the board of each district agrees.

Added by Acts 2009, 81st Leg., R.S., Ch. 1155 (H.B. 3009), Sec. 1, eff. June 19, 2009.

Sec. 375.353. NOTICE AND HEARING ON CONSOLIDATION. (a) Each district's board shall publish notice and hold a public hearing in its district regarding the terms and conditions for consolidation of the districts.

(b) Notice of the hearing must be published one time in a newspaper of general circulation in the area of each district at least seven days before the date of the hearing.

(c) After the hearing, the board by resolution may approve the terms and conditions for consolidation and enter an order consolidating the districts.

Added by Acts 2009, 81st Leg., R.S., Ch. 1155 (H.B. 3009), Sec. 1, eff. June 19, 2009.

Sec. 375.354. GOVERNING CONSOLIDATED DISTRICTS. (a) After two or more districts are consolidated, they become one district and are governed as one district.

(b) During the transition period, the officers of each district shall continue to act jointly as officers of the original districts to settle the affairs of their respective districts.

(c) The consolidated district may exercise the powers of the districts being consolidate within the respective boundaries of the original districts. For land annexed into the consolidated district, the consolidated district may exercise any of the powers of the original districts.

Added by Acts 2009, 81st Leg., R.S., Ch. 1155 (H.B. 3009), Sec. 1, eff. June 19, 2009.

Sec. 375.355. DEBTS OF ORIGINAL DISTRICTS. (a) After two or more districts are consolidated, the consolidated district shall protect the debts of the original districts and shall assure that the debts are not impaired. If the consolidated district has taxing authority, the debts may be paid by taxes levied on the land in the original districts as if they had not consolidated or from contributions from the consolidated district on terms stated in the consolidation agreement.

(b) If the consolidated district has taxing authority and assumes the bonds, notes, and other obligations of the original districts, taxes may be levied uniformly on all taxable property within the consolidated district to pay the debts.

Added by Acts 2009, 81st Leg., R.S., Ch. 1155 (H.B. 3009), Sec. 1, eff. June 19, 2009.

Sec. 375.356. ASSESSMENT AND COLLECTION OF TAXES. If the consolidated district has taxing authority, the district shall assess and collect taxes on all property in the district uniformly, for maintenance and operation of the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1155 (H.B. 3009), Sec. 1, eff. June 19, 2009.

Sec. 375.357. FILING OF ORDER WITH COUNTY CLERK AND EXECUTIVE DIRECTOR. A consolidation order issued by the board shall be kept in the records of the consolidated district, recorded in the office of the county clerk in each of the counties in the consolidated district, and filed with the executive director of the commission.

Added by Acts 2009, 81st Leg., R.S., Ch. 1155 (H.B. 3009), Sec. 1, eff. June 19, 2009.