

1 AN ACT

2 relating to improvement projects in certain counties.

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

4 SECTION 1. The heading to Section 372.101, Local Government  
5 Code, is amended to read as follows:

6 Sec. 372.101. DEFINITIONS [~~, APPLICABILITY~~].

7 SECTION 2. Subchapter C, Chapter 372, Local Government  
8 Code, is amended by adding Section 372.1011 to read as follows:

9 Sec. 372.1011. APPLICABILITY. This subchapter applies only  
10 to:

11 (1) a county with a population of 825,000 or more,  
12 other than a county that:

13 (A) borders on the Gulf of Mexico or a bay or  
14 inlet of the gulf; or

15 (B) has two municipalities located wholly or  
16 partly in its boundaries each having a population of 300,000 or  
17 more; or

18 (2) a county with a population of 70,000 or more that  
19 is adjacent to a county described by Subdivision (1) in which a  
20 municipality with a population of 35,000 or more is primarily  
21 situated and includes all or a part of the extraterritorial  
22 jurisdiction of a municipality with a population of 1.1 million or  
23 more.

24 SECTION 3. Section 372.102, Local Government Code, is

1 amended to read as follows:

2           Sec. 372.102. NATURE OF DISTRICT; PURPOSE. (a) A district  
3 is created under Section 52, Article III, and Section 59, Article  
4 XVI, Texas Constitution.

5           (b) By enacting this subchapter, the legislature has  
6 created a program for economic development as provided in Section  
7 52-a, Article III, Texas Constitution. A county may engage in  
8 economic development projects as provided by this subchapter, and,  
9 on a determination of the commissioners court of the county to  
10 create a district, may delegate the authority to oversee and manage  
11 the economic development project to an appointed board of  
12 directors. In appointing a board, the commissioners court  
13 delegates its authority to serve a public use and benefit.

14           SECTION 4. Section 372.105, Local Government Code, is  
15 amended to read as follows:

16           Sec. 372.105. ESTABLISHMENT OF ECONOMIC DEVELOPMENT  
17 PROJECTS; OPTIONAL CREATION OF PUBLIC IMPROVEMENT DISTRICT. (a)  
18 The commissioners court of a county [~~, other than a county that~~  
19 ~~borders on the Gulf of Mexico or a bay or inlet of the gulf or a~~  
20 ~~county that has two municipalities located in whole or in part~~  
21 ~~within its boundaries each having a population of 300,000 or more,~~]  
22 may on receipt of a petition satisfying the requirements of Section  
23 372.005, establish by order an economic development project in a  
24 designated portion of the county, or, if the county determines it is  
25 in the best interests of the county, create a district by order only  
26 in an area located in the extraterritorial jurisdiction of a  
27 municipality in that county. If the county is a county described by

1 Section 372.1011(2), the petition described by this subsection must  
2 also be approved by a resolution adopted by the municipality with a  
3 population of 1.1 million or more.

4 (b) For a county described by Section 372.1011(2), a  
5 district may only be created in an area containing at least 2,000  
6 contiguous acres of land that is located wholly or partly in the  
7 extraterritorial jurisdiction of a municipality with a population  
8 of 1.1 million or more.

9 (c) [(b)] The order must:

10 (1) describe the territory in which the economic  
11 development project is to be located or the boundaries of a  
12 district;

13 (2) specifically authorize the district to exercise  
14 the powers of this subchapter if the county has determined that  
15 creating a district is in the county's best interests; and

16 (3) state whether the petition requests improvements  
17 to be financed and paid for with taxes authorized by this subchapter  
18 instead of or in addition to assessments.

19 SECTION 5. Sections 372.126(a) and (c), Local Government  
20 Code, are amended to read as follows:

21 (a) A district may not issue bonds unless approved by the  
22 commissioners court of the county that created the district. Bonds  
23 ~~[If the population in the district is more than 1,000, the bonds]~~  
24 may not be issued unless approved by a majority of the voters of the  
25 district voting in an election held for that purpose. A bond  
26 election under this subsection does not affect prior bond issuances  
27 and is not required for refunding bond issuances.

1 (c) If the commissioners court grants approval under this  
2 section, bonds, notes, and other district obligations may be  
3 secured by district revenue or any type of district taxes or  
4 assessments, or any combination of taxes and revenue pledged to the  
5 payment of bonds.

6 SECTION 6. Section 372.130, Local Government Code, is  
7 amended by amending Subsection (b) and adding Subsections (c) and  
8 (d) to read as follows:

9 (b) Except as otherwise provided in this subchapter, a sales  
10 and use tax must be imposed in accordance with Chapter 383, Local  
11 Government Code, or ~~and~~ Chapter 323, Tax Code.

12 (c) The ballot for a sales tax election shall be printed to  
13 provide for voting for or against the proposition: "A sales and use  
14 tax at a rate not to exceed \_\_\_\_ [insert percentage rate] in the  
15 \_\_\_\_ [insert name of district]" or "The adoption of a \_\_\_\_ [insert  
16 percentage rate] sales and use tax in the \_\_\_\_ [insert name of  
17 district]."

18 (d) A tax authorized at an election held under this section  
19 may be imposed at a rate less than or equal to the rate printed in  
20 the ballot proposition.

21 SECTION 7. Section 372.101(b), Local Government Code, is  
22 repealed.

23 SECTION 8. (a) All acts and proceedings related to the  
24 authorization of any taxes or bonds, including acts and proceedings  
25 related to an election, by a district created under Subchapter C,  
26 Chapter 372, Local Government Code, before the effective date of  
27 this Act are validated, ratified, and confirmed in all respects as

1 if the acts and proceedings occurred as authorized by law.

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

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

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

8 SECTION 9. This Act takes effect immediately if it receives  
9 a vote of two-thirds of all the members elected to each house, as  
10 provided by Section 39, Article III, Texas Constitution. If this  
11 Act does not receive the vote necessary for immediate effect, this  
12 Act takes effect September 1, 2007.

David Dewhurst

President of the Senate

Jon Caddick

Speaker of the House

I certify that H.B. No. 3954 was passed by the House on May 11, 2007, by the following vote: Yeas 139, Nays 0, 2 present, not voting.

Robert Honey  
Chief Clerk of the House

I certify that H.B. No. 3954 was passed by the Senate on May 23, 2007, by the following vote: Yeas 31, Nays 0.

Aetsy Spaw  
Secretary of the Senate

APPROVED: 6 JUN 07

Date

RICK PERRY  
Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
4:30 p.m. O'CLOCK

JUN 06 2007

Roger Winnie