

THE WOODLANDS TOWNSHIP  
ENABLING LEGISLATION

The following is an unofficial compilation of portions of Senate Bill 1373, Acts of the 73rd Texas Legislature, Regular Session (1993), creating the Town Center Improvement District of Montgomery County, Texas (now The Woodlands Township), after giving effect to amendments made to Senate Bill 1373 by Senate Bill 26, Acts of the 75th Texas Legislature, Regular Session (1997), Senate Bill 1807, Acts of the 76th Texas Legislature, Regular Session (1999), Senate Bill 1353, Acts of the 79th Texas Legislature, Regular Session (2005), House Bill 4109, Acts of the 80th Texas Legislature, Regular Session (2007), Senate Bill 2515, Acts of the 81st Texas Legislature, Regular Session (2009), House Bill 4149, Act of the 84<sup>th</sup> Texas Legislature, Regular Session (2015), and Senate Bill 1014, Act of the 85th Legislature, Regular Session (2017). The Texas Legislature does not prepare or maintain an official version of Senate Bill 1373 which gives effect to such amendments. This compilation was prepared by The Woodlands Township for convenience of reference only and may not be relied upon or cited as the official text of such legislation. Certain transitional provisions of these amendments have been omitted as moot.

COMPOSITE COPY

S.B. 1373 (1993)  
as amended by S.B. 26 (1997), S.B. 1807 (1999),  
S.B. 1353 (2005), H.B. 4109 (2007), S.B. 2515 (2009),  
H.B. 4149 (2015), and S.B. 1014 (2017)

AN ACT

relating to the creation, administration, powers, including taxing powers, duties, operations, financing and dissolution of the Town Center Improvement District of Montgomery County, Texas, and the power of certain entities to contract with the district.

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

SECTION 1. CREATION; LEGISLATIVE DECLARATION. (a)

Notwithstanding the general law relating to consent by political

subdivisions to the creation of conservation and reclamation districts and the inclusion of land in those districts, there is hereby created and established within Montgomery County, Texas, in the form and manner hereinafter set forth, a special district, to be known as the Town Center Improvement District of Montgomery County, Texas, which shall be a governmental agency, a body politic and corporate, and a political subdivision of the state.

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

(c) The name of the district may be changed by resolution of the board of directors of the district at any time. A reference in this Act to the district means the name of the district as changed.

(d) The creation and continued operations of the district are declared to be essential to the accomplishment of the purposes of Article III, Sections 52 and 52-a, and Article XVI, Section 59, of the Texas Constitution and to the accomplishment of the several other public purposes stated in this Act.

(e) The legislature finds, determines, and declares that the creation of the district is necessary to promote, develop, encourage, and maintain employment, commerce, economic development, and the public welfare in the Town Center area of Montgomery

County. It is the legislature's intent that the creation of the district and this legislation not be interpreted to relieve Montgomery County or any other governmental agency, political subdivision, or municipality from providing the present level of services to the area included within the district or to release the obligations each entity has or may hereafter have to provide services to that area. The district is created to supplement and not supplant such services in the area included within the district.

(f) Except as otherwise provided by this Act, the district is not subject to the jurisdiction or supervision of the commission under Chapter 49, Water Code, or other law.

SECTION 2. DEFINITIONS. In this Act:

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

(2) "Commission" means the Texas Natural Resource Conservation Commission.

(3) "District" means the Town Center Improvement District of Montgomery County, Texas.

(4) [Repealed in 2007 by H.B. 4109]

(5) "Improvement project" means any program or project, whether individual, intermittent, or continuing and whether located or conducted within or without the district, for the planning, design, construction, acquisition, lease, rental, installment purchase, improvement, provision of furnishings, equipment, rehabilitation, repair, reconstruction, relocation, use,



management, operation, or maintenance of any works, improvements, or facilities or the provision, support, enhancement, improvement, extension, or expansion of services, whether provided to, for, by, or on behalf of the district, necessary for the accomplishment of the public purposes of the district, including:

(A) landscaping; lighting, banners, and signs; streets or sidewalks; hike and bike paths and trails, pedestrian walkways, skywalks, crosswalks, or tunnels; highway right-of-way or transit corridor beautification and improvements; drainage or storm water detention improvements; solid waste, water, sewer, or power facilities and services, including but not limited to electrical, gas, steam, and chilled water facilities; parks, lakes, gardens, recreational facilities, open space, scenic areas, and related exhibits and preserves; fountains, plazas, and pedestrian malls; public art and sculpture and related exhibits and facilities; educational and cultural exhibits and facilities; conferences, conventions, or exhibitions; manufacturer, consumer, or trade shows; civic, community, or institutional events; exhibits, displays, attractions, and facilities for special events, holidays, and seasonal or cultural celebrations; off-street parking facilities, bus terminals, heliports, mass-transit, and roadway-borne or water-borne transportation and people-mover systems; and any other public improvements, facilities, or services similar to the foregoing;



(B) the removal, razing, demolition, or clearing of land or improvements in connection with any improvement project;

(C) the acquisition of real or personal property or any interest therein in connection with an authorized improvement project provided that the district shall not have the power of eminent domain; and

(D) any special or supplemental services for the improvement and promotion of the district or adjacent areas or for the protection of public health and safety within or adjacent to the district, including but not limited to advertising, promotion, tourism, health and sanitation, public safety, security, fire protection and emergency medical services, business recruitment, development, elimination of traffic congestion, and recreational, educational, and cultural improvements, enhancements, and services.

SECTION 3. BOUNDARIES. The district shall include all of the territory contained within the following described area:

(metes and bounds description intentionally omitted)

SECTION 4. FINDING RELATING TO BOUNDARIES. The legislature finds that the boundaries and field notes of the district form a closure. If any mistake is made in the field notes or in copying the field notes in the legislative process, it in no way affects the organization, existence, and validity of the district or the right, power, or authority of the district to enter into any type of contract for the purposes for which the district is created or the right of the district to levy, assess, and collect taxes, fees,

or charges, as herein provided, and in no other manner affects the legality or operations of the district or its board.

SECTION 5. FINDING OF BENEFIT AND PUBLIC PURPOSE. (a) The legislature finds that the creation and operation of the district and the works, projects, improvements, and services that are to be promoted, facilitated, and accomplished by the district under powers conferred by Article III, Sections 52 and 52-a, and Article XVI, Section 59, of the Texas Constitution and other powers granted under this Act will provide a substantial and continuing public use and benefit not only within and adjacent to the boundaries of the district, but throughout the state, by promoting and stimulating business activity, commerce, tourism, travel, and economic development and diversification in the state; promoting and facilitating public safety and health, the mobility of people, traffic circulation, and mass transportation in the state; preserving and promoting scenic and aesthetic beauty in the state; promoting and advancing employment and business relocation and retention in the state; reducing or eliminating unemployment and underemployment in the state; and protecting and securing the general welfare of the state and all of its citizens.

(b) The legislature finds that the creation of the district is essential to further the public purposes of the economic development and diversification of the state, the elimination of unemployment and underemployment, and the stimulation and development of transportation and commerce; that it is in the

public interest; and that it will promote the health, safety, and general welfare of residents, employers, employees, and consumers in the district and of the general public. The safe and efficient movement of people by motor vehicle, rail, trolley, bus, bicycle, pedestrian means, waterborne vessel, or other means of transportation is a public purpose of the district. The present and prospective traffic congestion in the district 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 the district will serve the public purpose of securing expanded and improved transportation and pedestrian facilities and systems. The district will provide needed funding for the Town Center area to preserve, maintain, and enhance the economic health and vitality of the area as a community and business and commerce center. The district will further promote the health, safety, welfare, education, convenience, and enjoyment of the public by improving, landscaping, and developing certain areas within and adjacent to the district and providing public services and facilities within and adjacent to the district which are necessary for the restoration, preservation, enhancement, and enjoyment of scenic and aesthetic beauty. Each and all of the improvement projects authorized by this Act are hereby found and declared to be essential to carrying out a public purpose. The 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.

(c) This Act shall be liberally construed in conformity with the legislative findings and purposes set forth herein.

SECTION 6. GENERAL POWERS. (a) The district has all of the rights, powers, privileges, authority, and functions conferred on municipal management districts by Subchapter E, Chapter 375, Local Government Code, and by the general laws of the state on conservation and reclamation districts created under Article XVI, Section 59, of the Texas Constitution, and on road districts and road utility districts created pursuant to Article III, Section 52, of the Texas Constitution, including those conferred by Chapters 49 and 54, Water Code, and Chapter 441, Transportation Code, together with the additional rights, powers, privileges, authority, and functions contained in this Act.

(b) If any provision of the general law is in conflict or inconsistent with this Act, this Act prevails. Any general law which supplements the power and authority of the district, to the extent not in conflict or inconsistent with this Act, is adopted and incorporated by reference.

(c) Sections 375.161, 375.207, and 375.208, Local Government Code, do not apply to the district.

SECTION 7-a. ADDING TERRITORY BY ELECTION. (a) Except as provided by Subsections (d) and (e) of this section, the board may also add territory, as provided by Section 7(d) of this Act on its

own motion and without petitions and after notice and hearing given and conducted in the manner provided by Subchapter J, Chapter 49, Water Code, but subject to a confirmation election.

(b) The board shall order a confirmation election to be held on the next lawfully available uniform election date following the conclusion of any appeals from the order adding land. The confirmation election shall be held within the district, as enlarged by reason of any addition of territory under this subsection, to confirm such addition of territory and the assumption by the added territory of its pro rata share of the district's bonds, taxes, indebtedness, and contract obligations.

(c) A description of the boundaries of the district, as adjusted from time to time, shall be recorded in the real property records of each county in which all or part of the district is situated not later than the seventh day after the date of each such boundary adjustment. The boundaries of the district may be described by metes and bounds, plat, or reference to a previously recorded instrument.

(d) Notwithstanding Section 7(d) of this Act, territory within the corporate limits or extraterritorial jurisdiction of a municipality with a population of less than 1.5 million may not be added to the district under this section without the express, written consent of the municipality given by ordinance, resolution, or written agreement.

(e) The district and a municipality may enter into a written agreement for a specified term consenting to the addition of territory by the district as provided by Subsection (d) of this section or limiting the territory that may be added by the district under this section or Section 7(d) of this Act.

(f) If either the proposition submitted to confirm the initial addition of territory or the proposition submitted under Section 9(g) of this Act fails to pass by a majority vote, this section expires on the date the results of the election are canvassed.

SECTION 7. ADDITIONAL SPECIFIC POWERS AND DUTIES. (a) In addition to the general powers set forth in Section 6 of this Act, the board has the powers provided by this section.

(b) The board may levy, assess, and apply the proceeds from the taxes, fees, and charges authorized by this Act for any authorized district purposes, including making, or funding debt service and other costs related to the issuance of bonds to make, any payments required under the terms of a regional participation agreement authorized by this Act or other law with one or more other governmental entities relating to the financing of regional programs, improvements, and facilities that mutually benefit the district and such other governmental entities.

(c) The board may borrow money for the corporate purposes of the district.



(d) The board may add or exclude territory in the manner provided by Subchapter J, Chapter 49, and Section 54.016, Water Code, except that for purposes of this subsection, a reference in that section to a tax means an ad valorem tax only and Section 42.042, Local Government Code, and Section 54.016, Water Code, apply only with respect to the consent of a municipality with a population of 25,000 or less and do not apply to the annexation of land restricted primarily to commercial or business use.

(e) The board may contract with any person or entity for the accomplishment of any of the district's purposes, including without limitation contracting for:

(1) the payment, repayment, or reimbursement, out of tax proceeds or any other specified source of funds, of any costs and reasonable carrying costs incurred by that person for or on behalf of the district, including all or part of the costs of any improvement project; or

(2) the use, occupancy, lease, rental, operation, maintenance, or management of all or part of a proposed or existing improvement project.

(f) The board may make application for and contract with any person or entity to receive, administer, and perform the district's duties and obligations under any federal, state, local, or private gift, grant, loan, conveyance, transfer, bequest, donation, or other financial assistance arrangement relating to the investigation, planning, analysis, study, design, acquisition,

construction, improvement, completion, implementation, or operation by the district or others of a proposed or existing improvement project.

(g) The board may make, adopt, revise, repeal, amend, promulgate, and enforce by ordinary civil remedies reasonable rules and regulations for the administration and operation of the district, the use, enjoyment, availability, protection, security, and maintenance of the district's properties and facilities, and providing for public safety and security within the district.

(h) The board may establish, revise, repeal, enforce, collect, and apply the proceeds from user fees, concessions, admissions, rentals, or other similar fees or charges for the enjoyment, sale, rental, or other use of the district's facilities, services, properties, or improvement projects; however, the district may not impose an impact fee or assessment on a single family residential property or a residential duplex, triplex, quadruplex, or condominium.

(i) The board may provide or secure the payment or repayment of the costs and expenses of the establishment, administration, and operation of the district and the district's costs or share of the costs of any improvement project, or district contractual obligation or indebtedness, by or through a lease, installment purchase contract, or other agreement with any person or the levy and assessment of taxes, user fees, concessions, rentals, or other revenues or resources of the district.

(j) The board may undertake separately or jointly with other persons or entities and pay all or part of the cost of improvement projects, including improvement projects for improving, enhancing, and supporting public safety and security, fire protection and emergency medical services, and law enforcement within and adjacent to the district and improvement projects that confer a general benefit on the entire district and the areas adjacent thereto or a special benefit on a definable part of the district, which may be the entire district or any part thereof.

(k) The district may not employ peace officers, but may contract with:

(1) a county or municipality that has territory wholly or partly in or contiguous to the district's territory for the county or municipality to provide law enforcement services by any lawful means for the district, including a warrantless arrest, to the same extent and with the same effect as if the district were authorized to employ its own peace officers directly; and

(2) off-duty peace officers directly to provide public safety and security services in connection with a special event, holiday, period with high traffic congestion, or similar circumstance.

(l) The board may impose, collect, and apply the proceeds from a hotel occupancy tax as provided by Sections 11A and 11B of this Act.



(m) The board may exercise the economic development powers and authority that Chapter 380, Local Government Code, and Article 835s, Revised Statutes, provide a municipality with a population of more than 100,000.

(n) The board by rule may regulate the public or private use of public roadways, open spaces, parks, sidewalks, and similar public areas or facilities to provide for the safe and orderly use of these places.

(o) The board may require a permit for a parade, demonstration, celebration, entertainment event, or similar nongovernmental activity in or on the public roadways, open spaces, parks, sidewalks, and similar public areas or facilities. The board may charge a fee for the permit application and for public safety or security services in an amount the board considers necessary.

(p) The board may require a permit or franchise agreement with a vendor, concessionaire, exhibitor, or similar private or commercial person or organization for the limited use of the public roadways, open spaces, parks, sidewalks, and similar public areas or facilities on terms and conditions and on payment of a permit or franchise fee the board may impose.

(q) The board may employ and establish the terms of employment and compensation of a president, vice president, executive director, general manager, and any other operating officer of the district the board considers necessary.

(r) The district may sponsor, create, establish, utilize, administer, and contract with a local government corporation under Subchapter D, Chapter 431, Transportation Code.

(s) The district may make, enter into, and enforce tax abatement agreements in the same manner as other taxing units under Chapter 312, Tax Code. Before an ad valorem tax is first imposed, the district may enter into a tax abatement agreement with the owner of property subject to a tax abatement agreement with a county in which any part of the district is located. The agreement may provide for the parties to be bound by the same terms as the county agreement for the remaining term of the county agreement and provide for the same share of the property exempted by the county agreement to be exempted from taxation by the district in each remaining year of the county agreement.

(t) In order to promote business retention, sustain employment, and prevent substandard and blighted housing conditions, the district may:

(1) merge or consolidate with a qualified association to carry out a function described by this subsection;

(1-a) except as otherwise provided by this subsection and in the same manner as a qualified association, assume, accept an assignment of, succeed to, or contract to undertake, exercise, or perform:

(A) all or part of the rights, powers, privileges, duties, responsibilities, assets, liabilities, and obligations of a qualified association under community covenants;

(B) any contracts, agreements, leases, commitments, loans, pledges, instruments of indebtedness, or other undertakings with any person, regardless of whether the person is a qualified association, in the exercise of the rights, powers, privileges, duties, or responsibilities described by Paragraph (A);

(C) the administration, enforcement, amendment, supplementation, repeal, revocation, or rescission of a community covenant as provided by the covenant; or

(D) the functions, duties, and responsibilities of the board of directors of a qualified association, without the necessity of electing or appointing members of the board of directors of the qualified association;

(2) administer and perform procedures established in a community covenant or a related agreement for the selection or appointment of members or officers to committees, village association governing bodies, or similar positions;

(3) arrange or contract with one or more municipalities, political subdivisions, or nonprofit organizations for the provision of services and facilities to all or part of the territory in or adjacent to the district that are substantially equivalent to the services or facilities provided by the district or a qualified association in the district, provided that the



district may not transfer, assign, or abrogate responsibility for the administration or enforcement of any land use restrictions or negative covenants included in a community covenant that apply to land in or adjacent to the district;

(4) own, acquire, construct, improve, repair, rehabilitate, operate, maintain, lease, purchase, sell, dispose of, encumber, abandon, or remove:

(A) any buildings, improvements, or facilities; or

(B) any real, personal, or mixed property; and

(5) assess, charge, collect, pledge, encumber, and apply any fees, rents, charges, or proceeds received for the use, enjoyment, or disposition of a building, improvement, facility, or property or for a service or facility.

(u) The actions and proceedings of the district and the board of directors under Subsection (t) of this section are governmental functions. Title 11, Property Code, does not apply to the district. This Act may not be construed as constituting a waiver of governmental or sovereign immunity from suit, liability, or judgment.

(v) In this section:

(1) "Qualified association" means a nonprofit property owners' association created and operated by or in a planned community, as that term is defined by Section 43.0754, Local Government Code.

(2) "Community covenant" means recorded land use restrictions and covenants applicable to land in a planned community, as that term is defined by Section 43.0754, Local Government Code.

(w) The district may develop and maintain and may sell, ~~lease, encumber, abandon, or dispose of recreational facilities,~~ including an open space and a related street, sidewalk, path, building, structure, improvement, or appurtenance. Subchapter N, Chapter 49, Water Code, does not apply to the district, except that the terms "develop and maintain" and "recreational facilities" have the meanings assigned by Section 49.462 of that chapter.

(x) The district is a special district but is treated as a conservation and reclamation district that is entitled to participate in the election of the board of directors of an appraisal district for the purposes of Section 6.03, Tax Code.

(y) The district and a county tax assessor-collector may contract for the collection of the delinquent assessments of a qualified association for which the district has been assigned and has assumed the duties, functions, and responsibilities. The assessments may be collected through the use of the county's tax billing and collection procedures or other mutually agreeable means. A suit for collection of delinquent assessments under this subsection:

(1) has the same priority and preference as a delinquent tax collection suit; and

(2) shall be conducted in the same manner as a delinquent tax collection suit.

(z) The district has the same rights and powers as a municipality annexing territory in a district that provides emergency services to cause all or part of the territory of the ~~district to be removed from the district~~ providing emergency services.

(aa) The board of directors by resolution may cause district territory described in the resolution to be removed from the boundaries and taxing jurisdiction of a transit authority whose territory overlaps the district's territory if the district and a municipality enter into a regional participation agreement under Section 43.0754, Local Government Code, that requires the district to deposit money into a regional participation fund for the purpose, among others, of funding mobility projects of mutual benefit to the district and municipality. A removal of territory under this subsection takes effect on the date the board provides a certified copy of the resolution to:

- (1) the transit authority; and
- (2) the comptroller.

(bb) Subject to approval by the county, the district by rule, order, or resolution may, in the same manner provided for a municipality by Chapter 393, Transportation Code, and Section 216.901, Local Government Code:



(1) prohibit, regulate, or authorize placement of signs on the right-of-way of a road or highway maintained by the county within the district, other than standard traffic control or directional signs; or

(2) administer a kiosk program as provided by Section 393.0026, Transportation Code.

(cc) The district may enter into an interlocal agreement with the county under which the county grants the district permission to prohibit, regulate, or authorize placement of a specific type or class of sign on the right-of-way of a highway that is maintained by the county and located within the district.

(dd) Subsections (bb) and (cc) do not apply to a sign regulated by another municipality, if all or part of the territory of the district is incorporated, that is located within the exclusive extraterritorial jurisdiction of that other municipality.

(ee) The district is an "endorsing municipality" for the purposes of Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes).

(ff) The district is entitled to receive a certified appraisal roll, an estimate of the taxable value of property in the district, and assistance in determining values of property in the district in the manner provided by Section 26.01, Tax Code, for a municipality.

Sec. 7A. REGULATION OF DISTRICT REAL PROPERTY. The board may prohibit, restrict, permit, or otherwise regulate, on terms and conditions deemed advisable, private or public use of district property, including any real property in which the district has an interest, to the extent the instrument that establishes the real property interest does not prohibit the prohibition, restriction, permit, or other regulation.

Sec. 7B. HEARING REQUIRED FOR CERTAIN RULES. A board rule adopted under Section 7(n), (o), or (p) or Section 7A of this Act may be adopted only after a public hearing held in the district.

Sec. 7C. CONFLICT BETWEEN DISTRICT RULE AND OTHER LOCAL REGULATIONS. To the extent a district rule conflicts with a rule, order, ordinance, or regulation of a county or municipality with jurisdiction in the district's territory, the rule, order, ordinance, or regulation of the county or municipality controls.

Sec. 7D. ENFORCEMENT OF DISTRICT RULES. (a) The board may adopt rules that provide for the enforcement of a district rule, including rules prescribing:

(1) the elements of a criminal offense for violating a district rule; and

(2) the punishment for an offense prescribed under Subdivision (1) of this subsection in accordance with the maximum fines or penalties provided for the enforcement and punishment of a municipal rule, ordinance, or police regulation under Section 54.001, Local Government Code.

(b) The justice court in the precinct where the offense is committed has jurisdiction over offenses prescribed under this section. The offense shall be prosecuted in the same manner as similar classes of criminal offenses in the justice court's jurisdiction.

~~(c) A justice court shall remit to the county any fine or~~  
other penalty the justice court collects for a violation of a district rule in the same manner as a similar fine or penalty imposed for a violation of a state law.

Sec. 7E. JURISDICTION OF PEACE OFFICER. A peace officer who has jurisdiction by any means, including by geography, other law, or interlocal contract between the district and another governmental entity, is authorized to preserve the peace in the officer's jurisdiction by any lawful means, including the prevention and suppression of an offense prescribed by the district under Section 7D of this Act.

Sec. 7F. FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES.

(a) In this section:

(1) "Fire-fighting services" has the meaning assigned by Section 49.351(k), Water Code.

(2) "Fire protection personnel" has the meaning assigned by Section 419.021, Government Code, except that a reference to a fire department includes a nonprofit corporation employing fire protection personnel and providing fire-fighting services that is owned, operated, or controlled by the district.



(b) The district may employ, contract with, or otherwise engage other persons or entities, including fire protection personnel, to provide, improve, enhance, and support fire protection and emergency medical services in and adjacent to the district.

~~(c) Before January 1, 2012, the district may not directly~~  
employ any fire protection personnel but may own, operate, or control a nonprofit corporation employing fire protection personnel and providing fire-fighting services. This subsection expires February 1, 2012.

(d) Except as provided by Subsection (c) of this section, a district may:

(1) directly, or through a nonprofit corporation created, funded, owned, operated, or controlled by the district, establish, acquire, operate, and maintain a fire department to perform fire-fighting services in or adjacent to the district; and

(2) issue public securities, including public securities approved by district voters and payable wholly or partly from ad valorem taxes, to finance the construction, acquisition, improvement, renovation, repair, or rehabilitation of any related buildings, facilities, interests in land, equipment, or supplies.

(e) Subchapter L, Chapter 49, Water Code, does not apply to the district.

(f) Unless other law requires a prior election, the district shall hold an election to determine whether the district shall

adopt the provisions of Chapter 174, Local Government Code, if the district receives a timely petition signed by a majority of the fire protection personnel of the fire department of the district or of any nonprofit corporation owned, operated, or controlled by the district. On receipt and verification of the petition, the ~~district shall hold the election on a uniform election date that~~ occurs not later than the date of the last authorized uniform election date in 2011 and shall conduct the election in compliance with applicable law and Chapter 174, Local Government Code. This subsection expires January 1, 2012.

(g) If an election is called under Subsection (f) of this section and a majority of the voters voting in the election approve the adoption by the district of the provisions of Chapter 174, Local Government Code, the provisions of that chapter shall be binding on the district when the district, or any municipality or other form of local government succeeding to the principal assets, functions, and liabilities of the district, directly employs fire protection personnel. The results of the election shall continue in effect unless the adoption of Chapter 174, Local Government Code, is repealed in the manner provided by that chapter. A collective bargaining agreement made and entered into by the district under Chapter 174, Local Government Code, shall be binding on a successor municipality or local government.

Sec. 7G. UTILITY PROPERTY EXEMPT FROM IMPACT FEES AND ASSESSMENTS. The board may not impose an impact fee or assessment

on the property, including the equipment, rights-of-way, facilities, or improvements, of:

(1) an electric utility or a power generation company as defined by Section 31.002, Utilities Code;

(2) a gas utility as defined by Section 101.003 or 121.001, Utilities Code;

(3) a telecommunications provider as defined by Section 51.002, Utilities Code; or

(4) a person who provides to the public cable television or advanced telecommunications services.

Sec. 7H. EVENT ADMISSIONS TAX. (a) In this section:

(1) "Cultural education" means the exhibition or promotion of or education about the performing, dramatic, visual, literary, or fine arts, including historical, geological, archeological, or paleontological sciences, and history, natural history, scientific, cultural, ethnic, or heritage education meeting local community standards in the district.

(2) "Event" means any performance, exhibition, showing, or similar presentation at a venue for which an admission fee or charge is imposed by the venue user, including a cultural education event.

(3) "Venue" means an indoor or outdoor theater, music, exhibition, rehearsal, or concert hall, opera house, auditorium, park, zoo, museum, aquarium, plaza, civic center, or similar building or forum in the district, other than a motion picture



theater, regardless of whether the district owns, operates, leases, finances, or uses the venue.

(4) "Venue user" means an owner, lessee, operator, or other user of a venue that:

(A) is not a governmental entity; and

(B) presents more than four events in a calendar year.

(b) The district by order may impose a tax on each ticket sold as admission to an event held at a venue.

(c) The amount of the tax may be imposed at any uniform percentage not to exceed five percent of the price of the ticket sold as admission to an event held at a venue.

(d) The district by order may increase, repeal, or decrease the rate of the tax imposed under this section.

(e) The district by order may require the venue user to collect the tax for the benefit of the district.

(f) A venue user required to collect the tax under this section shall add the tax to the admissions price, and the tax is a part of the admissions price, is a debt owed to the venue user by the person admitted, and is recoverable at law in the same manner as the admissions price.

(g) The tax imposed by this section is not an occupation tax imposed on the venue user.

(h) A tax imposed under this section or a change in a tax rate takes effect on the date prescribed by the order imposing the tax or changing the rate.

(i) A person required to collect a tax imposed under this section shall report and remit the taxes to the district as provided by order of the district.

(j) The district by order may prescribe penalties and interest charges for failure to keep records required by the district, to report when required, or to fully and timely collect or remit the tax. The district may bring suit against a person who fails to collect a tax under this section or to fully and timely remit the tax to the district.

(k) The district by order may permit a person who is required to collect a tax under this section to retain a percentage of the amount collected and required to be reported as reimbursement to the person for the costs of collecting the tax. The district may provide that the person may retain the amount only if the person pays the tax and files reports as required by the district.

(l) The district and any venue user may enter into an agreement for a term of not more than 20 years:

(1) providing for the payment or reimbursement, or the reservation of tax proceeds for the payment or reimbursement, to the venue user of all or any agreed portion of the venue user's actual costs of operations, maintenance, management, financing, funding development, capital costs, debt service, or other actual

costs of the production, promotion, or presentation of a cultural education event at the venue; and

(2) containing any other terms, conditions, and provisions as may be considered necessary and appropriate to support cultural education in the district.

(m) The proceeds received by the district from the tax authorized by this section may be used only to support cultural education in the district.

(n) The district may continue to impose the tax authorized by this section after any contractual obligations have been fulfilled if the tax revenue is used to support cultural education.

(o) An agreement entered into in anticipation of this section taking effect that otherwise meets the requirements of this section is not invalid because it was authorized, executed, or entered into before the effective date of this section.

Sec. 7I. TRANSPORTATION PROJECTS, FACILITIES, PROGRAMS, AND SERVICES. (a) The district may engage in or contract with another person to perform activities that accomplish the transportation and traffic movement purposes of the district, including the acquisition, analysis, construction, design, financing, investigation, implementation, improvement, maintenance, operation, ownership, planning, provision, relocation, repair, replacement, or study of improvement projects, facilities, programs, and services in the district and in areas adjacent to the district for:

(1) mass transportation;



- (2) parking;
- (3) pedestrian movement;
- (4) rail systems;
- (5) traffic movement;
- (6) transit terminals;

~~(7) waterborne transit; or~~

(8) other modes of transportation and mobility enhancements that reduce congestion or promote or aid in the circulation of traffic and movement of people in the district and in areas adjacent to the district.

(b) The district may apply for and receive state and federal transportation funding, including grants or other assistance. The district has the rights associated with the funding and may carry out functions and perform obligations associated with the funding, as the designated recipient or otherwise.

(c) The district may contract for an improvement to a boundary highway and consent to the imposition of an assessment by a municipality in the manner provided by Sections 313.022 and 313.046, Transportation Code, for a municipality.

(d) The district may adopt and enforce by ordinary civil remedies rules regarding access to and use of the district's transportation projects, facilities, programs, and services.

(e) The district may charge a fare, fee, rate, toll, or other charge for the use of a district transportation project, facility, program, or service.

SECTION 8. BOARD OF DIRECTORS. (a) The district is governed by a board of directors elected as provided by Section 9(g) of this Act to serve staggered terms as described by that section. To be qualified to serve as a director, a person must be at least 18 years of age and be a resident of the district.

(b) [Repealed in 2007 by H.B. 4109]

(c) [Repealed in 2007 by H.B. 4109]

(d) Directors serve until their successors have been elected or appointed and have qualified.

(e) A vacancy in the office of director shall be filled by appointment of a qualified individual by a majority vote of the remaining directors, ~~except that if the number of directors for any reason is less than four, on petition of a resident of or owner of real property in the district, the commission shall appoint the required number of qualified individuals to fill the vacancies.~~

(f) As soon as practicable after a director is elected or appointed, such person shall execute a bond for \$10,000 payable to the district and conditioned on the faithful performance of his duties. All bonds of the directors shall be approved by the board, and each director shall take the oath of office prescribed by the constitution for public officers. The bond and oath shall be filed with the district and retained in its records.

(g) After directors have been appointed or elected and have qualified by executing a bond and taking the proper oath, they shall organize or reorganize by electing a chairman, a vice

chairman, a secretary, and any other officers of the board as the board considers necessary.

(h) A position on the board may not be construed to be a civil office of emolument for any purpose, including those purposes described in Article XVI, Section 40, of the Texas Constitution.

(i) 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.

(j) Except as provided by Subsection (e) of this section, a majority of the total authorized number of directors constitutes a quorum for the consideration of all matters pertaining to the business of the district, and a concurrence of a majority of a quorum of directors shall be required for any official action of the district.

(k) [Repealed in 2007 by H.B. 4109]

SECTION 9. ELECTIONS. (a) [Repealed in 2007 by H.B. 4109]

(b) [Repealed in 2007 by H.B. 4109]

(c) An election to authorize or to discontinue the levy and assessment of taxes may be held at the same time and in conjunction with a confirmation or directors election.

(d) [Repealed in 2007 by H.B. 4109]

(e) The board shall order that a confirmation election be held in conjunction with the initial election required under Section 7-a(b) of this Act to determine whether the proposed



changes in the composition of the board under Subsection (g) of this section shall be confirmed and implemented. If either proposition submitted at the confirmation election fails to pass by a majority vote, both propositions shall be deemed to have failed.

(f) All registered and qualified voters within the district, as enlarged by the addition of territory to the district under Section 7-a of this Act, are eligible to vote in any confirmation election called under Subsection (e) of this section or Section 7-a of this Act. Otherwise, only registered and qualified voters within the district are eligible to vote in all other district elections.

(g) After passage of the propositions in the confirmation election, as required by Subsection (e) of this section and Section 7-a of this Act:

(1) an election shall be called for the uniform election date in May of the next even-numbered year for the election of five directors at large. The three candidates receiving the highest number of votes shall be elected for a term of three years, and the two candidates receiving the next highest number of votes shall be elected for a term of two years;

(2) an election shall be called for the uniform election date in May of the next succeeding even-numbered year after the election held under Subdivision (1) of this subsection, for the election of four directors by position. Each of the four candidates elected shall serve for a term of two years; and

(3) an election shall be called annually thereafter for the uniform election date in May of each year for the election by position of either three or four directors, as appropriate, to serve two-year terms.

(h) The board may call and conduct elections from time to time on a uniform election date for the purposes of:

(1) determining whether, according to a regional participation agreement authorized by this Act or other law, all or part of the territory of the district should be released from the extraterritorial jurisdiction of a municipality;

(2) determining whether, according to a regional participation agreement, all or part of the territory of the district should be incorporated as a municipality or should adopt another form of local government;

(3) authorizing the levy and assessment of ad valorem taxes for district purposes on a uniform basis throughout the district;

(4) authorizing the issuance of indebtedness payable in whole or in part from ad valorem taxes; and

(5) submitting to the qualified voters of the district any other bonds, contracts, indebtedness, measures, or propositions authorized by law.

(i) Passage of all confirmation, contract, tax, or other propositions or measures at an election shall require a favorable vote by a majority of the eligible voters voting in the election.

(j) The passage at an election of a proposition to confirm the addition of territory to the district under Section 7-a of this Act shall be deemed to be an election to assume the added territory's pro rata share of the bonds, taxes, indebtedness, and contract obligations of the district.

(k) This subsection and Subsections (e)-(j) of this section expire if either the proposition submitted to confirm the initial addition of territory under Section 7-a of this Act or the proposition submitted under Subsection (e) of this section fails to pass by a majority vote.

(l) An election held on the proposition of incorporating all or part of the territory of the district under Subsection (h)(2) of this section may be held regardless of population or area limits described by Section 5.901, Local Government Code, or other law, if the area to be incorporated has a population of 5,000 or more inhabitants according to the most recent federal decennial census or other credible population records.

SECTION 10. OPEN MEETINGS AND RECORDS. The district is a political subdivision for purposes of the open meetings law, Chapter 271, Acts of the 60th Legislature, Regular Session, 1967 (Article 6252-17, Vernon's Texas Civil Statutes), and the open records law, Chapter 424, Acts of the 63rd Legislature, Regular Session, 1973 (Article 6252-17a, Vernon's Texas Civil Statutes), and shall solely for the purposes thereof be considered a municipal utility district.

SECTION 11. LIMITED SALES AND USE TAX. (a) The words and phrases used in this section and defined by Chapters 151 and 321, Tax Code, have the meanings assigned by Chapters 151 and 321, Tax Code.

(b) Except as otherwise provided in this section, Subtitles A and B, Title 2, and Chapter 151, Tax Code, apply to the taxes and to the administration and enforcement of the taxes imposed by this district pursuant to this Act in the same manner that those laws apply to state taxes.

(c) The district may adopt or repeal the limited sales and use tax authorized by this section at an election in which a majority of the qualified voters of the district voting in such election approve the adoption or the abolition of the tax, as applicable.

(d) The provisions of Subchapters C, D, E and F, Chapter 323, Tax Code, relating to county sales and use taxes shall apply to the application, collection, and administration of a sales and use tax imposed under this Act, to the extent not inconsistent with the provisions of this Act, and with the same effect as if references therein to a county or a commissioners court referred to the district or its board; provided that Sections 323.401 through 323.404 and Section 323.505, Tax Code, do not apply.

(e) A tax imposed under this Act or the repeal or reduction of a tax under this Act takes effect on the first day of the calendar quarter occurring after the date on which the comptroller receives



the notice required by Subsection (b), Section 323.405, Tax Code, or Subsection (i) of this section.

(f) On adoption of the tax authorized by this Act, there is imposed a tax on the receipts from the sale at retail of taxable items within the district at the rate of one percent, as well as an excise tax on the use, storage, or other consumption within the district of taxable items purchased, leased, or rented from a retailer during the period that the tax is effective within the district. The rate of the excise tax is the same as the rate of the sales tax portion of the tax and is applied to the sales price of the taxable item. With respect to a taxable service, "use" means the derivation in the district of direct or indirect benefit from the service.

(g) An election to authorize or repeal a limited sales and use tax may be called by order of the board and must be held on the next lawfully available uniform election date occurring not less than 45 days after the date on which the order calling the election was passed. Notice of the election shall be given and the election shall be held and conducted in the manner prescribed by general law for bond elections for municipal utility districts. The ballots shall be printed to provide for voting for or against the proposition "Adoption of a one percent district sales and use tax within the district" or "Abolition of the district sales and use tax within the district," as appropriate.

(h) [Repealed in 1999 by S.B. 1373]

(i) Within 10 days after the annexation or exclusion of territory by the district, the board shall send to the comptroller by United States certified or registered mail certified copies of all resolutions or orders pertaining to such events.

(j) The district and each economic development zone created by the district is entitled to examine and receive information related to the levy, assessment, and collection of sales and use taxes to the same extent as if the district or economic development zone were a municipality.

SECTION 11A. HOTEL OCCUPANCY TAX. (a) In this section, "hotel" has the meaning assigned by Section 156.001, Tax Code.

(b) The board by order may impose a tax on a person who, under a lease, concession, permit, right of access, license, contract, or agreement, pays for the use or possession or for the right to use or possess a room that is in a hotel located in the boundaries of the district, costs \$2 or more each day, and is ordinarily used for sleeping. The amount of the tax may not exceed seven percent of the price paid for a room in a hotel.

(c) A district by order may repeal, increase, or decrease the rate of a tax imposed under this section.

(d) Except as inconsistent with this section and Section 11B of this Act and subject to the limitations prescribed by Sections 352.002(b) and (c), Tax Code, Subchapter A, Chapter 352, Tax Code, governs a hotel occupancy tax authorized under this section, including the collection of the tax.

(e) The district is entitled to examine and receive information related to the levy, assessment, and collection of hotel occupancy taxes to the same extent as if the district were a municipality.

(f) For purposes of this section, a reference in Subchapter A, Chapter 352, Tax Code, to a county or the county's officers or governing body is a reference to the district or the district's officers or governing body, as appropriate.

SECTION 11B. USE OF HOTEL OCCUPANCY TAX PROCEEDS. (a) The district shall apply the proceeds from a hotel occupancy tax imposed under Section 11A of this Act for any of the district's purposes and for the purposes described by Section 352.1015, Tax Code, to the extent considered appropriate by the board.

~~(b) [Repealed in 2007 by H.B. 4109]~~

(b) Notwithstanding Subsection (a) of this section, if at least 99 percent of the territory of the district is incorporated and the district is dissolved in the manner provided by Section 14A of this Act, the district or municipality shall apply the proceeds from a hotel occupancy tax imposed under Section 11A of this Act:

(1) for the purposes described by Section 351.101, Tax Code; or

(2) as may otherwise be required in connection with the district's debt and other obligations existing before the



incorporation to which the proceeds from a hotel occupancy tax imposed under Section 11A of this Act have been pledged.

(c) For purposes of this section, a reference in Subchapter A, Chapter 352, Tax Code, to a county or the county officers or governing body means the district or the district's officers or governing body, as appropriate.

Sec. 11B-1. SUPPLEMENTAL HOTEL OCCUPANCY TAX. (a) In addition to the tax authorized by Section 11A of this Act, but subject to Subsection (c) of this section, the board by order may impose, repeal, increase, or decrease a supplemental hotel occupancy tax in the same manner as the tax authorized by Section 11A of this Act. The rate of the supplemental tax may not exceed two percent of the price paid for a room in a hotel.

(b) The district shall apply the proceeds from the supplemental tax imposed under Subsection (a) of this section solely for the purposes described by Sections 352.101(a) and 352.1015, Tax Code, provided that at least 75 percent of the proceeds from the supplemental tax, as determined on an annual average basis, must be used for the purpose of establishing, operating, and maintaining a convention and visitors bureau within or adjacent to the district. For purposes of this subsection, a reference in Section 352.101(a) or 352.1015, Tax Code, to a county, county officer, or commissioners court means the district, a district officer, or the board, as appropriate.



(c) The board may not impose the supplemental tax authorized by Subsection (a) of this section before January 1, 2011. The board may impose the tax at a rate not to exceed one percent until December 31, 2011. On or after January 1, 2012, the board may impose the tax at a rate not to exceed two percent.

SECTION 11C. ECONOMIC DEVELOPMENT ZONES. (a) As used in this section:

(1) "Development zone" means an economic development zone created by the district under this section.

(2) "Governing body" means the board of directors of a development zone.

(3) "Initial development" means the first buildings, structures, and improvements on a parcel or tract included in a development zone. The term does not include a street, utility, or off-site facility or service.

(4) "Substantial redevelopment" includes an expansion, enlargement, replacement, and relocation of a building, improvement, and facility located in a development zone. The term does not include an improvement, modification, or rehabilitation of a building, improvement, or facility that has been in existence for less than 10 years.

(b) The board, on its own motion or on receipt of a petition signed by the owners of all real property in a defined area of the district, by resolution may create, designate, describe, assign a name to, and appoint the governing body for a development zone in

the district to promote initial development or substantial redevelopment of the area, if the board finds that the creation of the zone will further the public purposes of:

(1) the development and diversification of the economy of the district and the state;

(2) the elimination of unemployment or underemployment in the district and the state;

(3) the development or expansion of transportation or commerce in the district and the state; or

(4) the promotion and stimulation of business, commercial, and economic activity in the district and the state.

(c) Before designating a development zone, the board must prepare a preliminary financing plan for the zone that includes:

(1) estimated project costs, including administrative expenses;

(2) a list of the kind, number, and location of all proposed improvement projects in the zone;

(3) the estimated amount of bonded indebtedness to be incurred;

(4) a description of the methods of financing and expected sources of revenue to pay for the costs of proposed improvement projects; and

(5) the projected duration of the zone.

(d) Before designating a development zone on its own motion or, if ad valorem taxes are to be used, in whole or in part, for the payment of improvement project costs in a development zone to

be designated in response to a landowner petition, the board shall call and hold a public hearing on the creation of the zone in the manner provided by Sections 311.003(c) and (d), Tax Code, for reinvestment zones designated by a municipality.

(e) [Repealed in 2007 by H.B. 4109]

(f) A resolution designating an area as a development zone must:

(1) describe the boundaries of the zone sufficiently to identify with reasonable certainty the territory included;

(2) provide an effective date for the creation of the zone;

(3) provide a date for termination of the zone;

(4) assign a name to the zone for identification;

(5) adopt a preliminary financing plan for the zone;

(6) establish a tax increment fund for the zone; and

(7) appoint the governing body for the zone or authorize the board to serve ex officio as the governing body of the zone.

(g) Members of the governing body shall be appointed for a term of two years, except that:

(1) the appointment of the initial members of the governing body may provide for some terms to be limited to one year in order to achieve staggered terms of office; and

(2) the board by resolution may:

(A) extend the terms of office of members of the governing body beyond two years to the extent necessary to

coordinate those terms with the next election of members of the board of directors; or

(B) provide for one-year terms of office for members of a subsequent governing body.

(g-1) The district by appointment shall fill a vacancy on the governing body of the zone for the unexpired portion of the term.

(h) A member of a governing body must be at least 18 years of age, a citizen of the state, and a person described in Subsection (b) of Section 8 of this Act. A member of the board of directors of the district may be appointed to the governing body. Each member must qualify for office by subscribing to the constitutional oath of office for public officers and furnishing a fidelity bond issued by a responsible surety in the amount of \$10,000 in favor of the development zone to secure faithful performance of the member's duties.

(i) Following appointment and qualification, the governing body of the development zone shall meet and organize by electing a president, a vice president, a secretary-treasurer, and other officers the governing body considers appropriate.

(j) The boundaries of a development zone may be reduced or enlarged in the manner provided by this section for creation of a zone.

(k) A development zone created by the district under this section is a body politic and corporate and a political subdivision of the state, separate from the district. The district and the



development zone have the same power and authority to carry out this section as Section 311.008, Tax Code, provides a municipality to carry out Chapter 311, Tax Code. In addition to the powers granted to the governing body by this section, the board by order may delegate, subject in whole or in part to final approval by the board, any powers and duties relating to the financing and implementation of the project plan for the zone, including the power and authority to:

(1) issue tax increment bonds or notes for and in the name of the zone in the same manner as Section 311.015, Tax Code, provides for a municipality, except that tax increment bonds or notes of the zone must mature in not more than 30 years, to fund any project of the zone and pay any related bond issuance and bond reserve costs or to refund any bonds, notes, contractual obligations, commitments, or undertakings of the zone, including the reimbursement to any person for project costs and related interest for which the zone would have been authorized to issue its bonds or notes;

(2) pledge irrevocably all or part of the tax increment fund for the zone, as Section 311.015, Tax Code, provides for a municipality; and

(3) impose, assess, and collect ad valorem taxes, assessments, and other charges in the zone, as Chapter 375, Local Government Code, provides for municipal management districts, as well as the incremental sales and use tax authorized by this

section, if the ad valorem tax or incremental sales and use tax has been approved by the qualified voters of the district at an election called and held for that purpose.

(1) The board and the governing body each may enter into an agreement considered necessary or convenient to implement a project plan and development zone financing plan and achieve their purposes. An agreement may provide for the regulation or restriction of the use of land by imposing conditions, restrictions, or covenants that run with the land. An agreement may dedicate revenue from the tax increment fund to pay project costs and may provide that a restriction adopted by the governing body continues in effect after the termination of the development zone. The district and the development zone may agree that the district will provide administration, management, investment, accounting, and other services for the zone in consideration for the benefits received by the district through the implementation of the project plan for the zone.

(m) Subject to approval by resolution of the board, the governing body shall prepare and adopt, and may amend, a project plan and a development zone financing plan for the development zone containing generally the information and estimates described by Section 311.011, Tax Code, with respect to reinvestment zones, together with an estimate of total and incremental sales and use taxes to be derived from the zone. If a plan amendment reduces or increases the geographic area of the zone, increases the amount of

bonded indebtedness to be incurred, creates or changes a tax increment to be contributed by a taxing unit, or increases the total estimated project costs, the amendment may be adopted only after a public hearing meeting the procedural requirements of this section for a meeting on the creation of a development zone has been held.

(n) If the financing plan adopted by the governing body of the development zone uses ad valorem taxes, in whole or in part, for payment of project costs, the provisions of Sections 311.012 and 311.013, Tax Code, shall apply to the development zone as if the zone were a taxing unit under those sections and to the governing body of the zone as if the governing body were the governing body of a taxing unit under those sections.

(o) If approved at an election by a majority of the qualified voters voting in an election called and held for that purpose, the district may adopt or repeal for the use and benefit of one or more development zones created by the district before or after the election an incremental sales and use tax of not more than one percent. An election on the adoption or repeal of the maximum rate of incremental sales and use tax may be called and held by the board as provided by Section 11 of this Act for an election on the adoption of the limited sales and use tax authorized by Section 11 of this Act. After adoption at an election, to the extent the district has delegated the authority to the zone, the governing body may impose, assess, and collect all or any portion of the

incremental sales and use tax, in increments of not less than one-eighth of one percent, for the benefit of the zone, by order of the governing body. The incremental sales and use tax is in addition to the limited sales and use tax authorized and imposed, assessed, and collected by the district under Section 11 of this Act. The incremental sales and use tax becomes effective on the first day of the calendar quarter following the date the comptroller receives written notice of the imposition of the tax and shall be paid into the tax increment fund for the development zone.

(p) Sections 311.002 and 311.014 through 311.017, Tax Code, apply to the district, except that for purposes of this subsection:

(1) a reference in those sections to a municipality means the district and the development zone;

(2) a reference in those sections to an ordinance means an order;

(3) a reference in those sections to a reinvestment zone means a development zone;

(4) a reference in those sections to an agreement made under Subsection (b), Section 311.010, Tax Code, means an agreement made under Subsection (1) of this section;

(5) "development" means initial development;

(6) "redevelopment" means substantial redevelopment;



(7) Section 311.016, Tax Code, applies only if ad valorem taxes are used, in whole or in part, in payment of project costs of a development zone; and

(8) a development zone created without a duration or date of termination may be dissolved by a two-thirds vote of the board of directors of the district or of the governing body of a municipality or other form of local government, other than the development zone, succeeding to the principal assets, powers, functions, and liabilities of the district, but only if:

(A) the development zone has no outstanding indebtedness or other obligations; or

(B) the assets, powers, functions, and liabilities, and any outstanding indebtedness or obligations, of the development zone are expressly assumed by the district or the succeeding municipality or local government.

(q) Upon the creation and organization of a development zone over the territory of one or more existing development zones, and upon the imposition or assessment by the governing body of an ad valorem tax or limited sales and use tax for the development zone, the existing development zones are dissolved and abolished and all assets, properties, indebtedness, obligations, and liabilities of the existing development zones transfer to and are assumed by the newly created and organized development zone.

(r) For a development zone created to facilitate a continuing improvement project, the board and the governing body need not

specify or include in a preliminary financing plan, in the resolution creating the development zone, or in the project plan or financing plan of the development zone a duration or date of termination of the development zone.

(s) The district or a municipality or other local government succeeding to the principal assets, powers, functions, and liabilities of the district may assume, exercise, perform, and discharge the assets, powers, functions, and liabilities of a development zone in the same manner, to the same extent, and for the same purposes as a development zone created under this section.

SECTION 12. LIMITATIONS ON INDEBTEDNESS. [Repealed in 1997 by S.B. 26].

SECTION 12A. PUBLIC SECURITIES. (a) The board may issue, sell, and deliver the public securities of the district in the manner provided by this section or other applicable law, including Chapter 1371, Government Code, and Subchapter J, Chapter 375, Local Government Code, for any district purpose or to finance or pay for any district facilities, programs, or improvement projects, including for the purpose of making or providing for payment of any amounts due or to become due from the district under a regional participation agreement authorized by this Act or other law, to refund or refinance any public security or other contract, agreement, commitment, or undertaking of the district in payment of which the district could have issued its public securities, or to fund or pay for any reserve fund or issuance expenses related to

the public securities. The public securities shall be deemed to be in furtherance of a program authorized pursuant to Section 52-a, Article III, Texas Constitution. Sections 375.207 and 375.208, Local Government Code, do not apply to public securities issued by the district under this Act.

(b) If the district issues bonds for the primary purpose of providing water, sewage, or drainage facilities, the district must obtain the commission's approval in the manner provided by Chapter 49, Water Code.

(c) In addition to the sources of money described by Subchapter J, Chapter 375, Local Government Code, the public securities of the district may be secured and made payable, wholly or partly, by a pledge of any part of the net proceeds the district receives from:

(1) a specified portion, but not more than one-half percent, of the sales and use tax authorized by Section 11 of this Act;

(2) the hotel occupancy tax authorized by Section 11A of this Act;

(3) an ad valorem tax approved by the voters of the district at an election called for that purpose;

(4) any revenues, receipts, fees, charges, income, funds, or proceeds received or to be received by the district from refunding public securities, contracts, agreements, or other sources, including a contract with a development zone to facilitate

an improvement project or project plan of the district or the development zone; or

(5) any combination of revenues, taxes, or proceeds from one or more of the sources described by Subdivisions (1)-(4) of this subsection.

(d) The board of directors or an officer or employee of the district to whom the board delegates authority may sell a district public security at a public or private sale in the form, at the price, on the terms and conditions, at the interest rate or rates, whether fixed, variable, floating, adjustable, or otherwise, as the board determines appropriate. The net effective interest rate of the public securities under this section may not exceed the maximum rate allowed by law.

(e) The board may secure a district public security with a security agreement, credit agreement, or both, with the security interest or interests, other than a mortgage interest in real property, and with the parity or priority of pledge and lien as the board determines appropriate.

(f) In this section:

(1) "Public security" has the meaning assigned by Section 1201.002, Government Code.

(2) "Credit agreement," "security agreement," and "security interest" have the meanings assigned by Section 1208.001, Government Code.



SECTION 13. CONTRACTS WITH DISTRICT. (a) The district is authorized to contract with a city, county, other political subdivision, corporation, or other persons to carry out the purposes of this Act on such terms and conditions and for such period of time as the board may determine. A state agency, city, county, other political subdivision, corporation, individual, or other entity may contract with the district to carry out the purposes of this Act without any further authorization, notwithstanding any other law or charter provision to the contrary.

(b) The district and a municipality any part of which is located in the boundaries of the district may enter into and carry out an interlocal agreement for the accomplishment of an improvement project or the provision of a facility, a service, or equipment by the district in or for the benefit of the municipality. Notwithstanding any other law, payment for the improvement project, facility, service, or equipment may be made or pledged by the municipality to the district out of any money the municipality collects under Chapter 351, Tax Code, or out of any other available money.

Sec. 13A. COMPETITIVE BIDDING. The district is not required to seek a competitive bid or proposal for construction work or for the purchase of material or equipment for an expenditure of \$25,000 or less.

SECTION 14. DISSOLUTION. (a) The board may elect by majority vote to dissolve the district at any time; however, the

district may not be dissolved by the board if the district has any outstanding indebtedness or contractual obligations, including obligations under a regional participation agreement authorized by this Act or other law, until such indebtedness or contractual obligations have been repaid or discharged, unless the indebtedness or contractual obligations have been assumed by another governmental entity with the power and authority to repay or discharge them.

(b) After the board elects to dissolve the district, the board shall transfer ownership of all property and assets of the district to Montgomery County, except as provided by Subsection (c) of this section.

(c) If on the date of the vote to dissolve the district more than 50 percent of the territory within the district is within the boundaries of another governmental entity that has assumed the indebtedness and contractual obligations of the district under Subsection (a) of this section, the board shall transfer ownership of the district's property and assets to that governmental entity.

(d) The district may not be dissolved by a municipality annexing all or part of the district.

Sec. 14A. INCORPORATION. (a) This section prevails over any other provision of this Act that conflicts with or is inconsistent with this section.

(b) Except as provided by Subsections (c) and (f) of this section, and subject to any applicable limitations of the

constitution of this state, if the incorporation of at least 99 percent of the territory of the district and the transfer of the rights, powers, privileges, duties, purposes, functions, and responsibilities of the district and the district's authority to issue bonds and impose a tax to the municipality are approved by a majority of the voters voting in an election held for that purpose, including an election described by Section 9(h)(2) of this Act:

(1) the assets, liabilities, obligations, rights, powers, privileges, duties, purposes, functions, and responsibilities of the district and the district's authority to issue bonds and impose a tax are transferred to the municipality; and

(2) the district is dissolved.

(c) If on the date the incorporation of the territory of the district is approved at an election described by Subsection (b) of this section the district owes any debt that cannot be transferred to the municipality, the district is continued until the debt is retired or is restructured in a manner that the debt may be transferred to the municipality.

(d) If the conditions described by Subsection (c) of this section are met:

(1) the board shall adopt an order certifying that the conditions have been met; and



(2) on the effective date of the order:

(A) the assets, liabilities, obligations, rights, powers, privileges, duties, purposes, functions, and responsibilities of the district and the district's authority to issue bonds and impose a tax are transferred to the municipality; and

(B) the district is dissolved.

(e) In addition to any other restructuring methods permitted by law, the district may restructure its outstanding debt for the purpose of transferring the debt to the municipality by issuing refunding bonds secured by:

(1) a limited pledge of ad valorem tax revenue not greater than that authorized to be levied by the municipality;

(2) a pledge of one or more other sources of revenue available to the district that are also available to the municipality under this section or general law; or

(3) a pledge of a combination of revenues described by Subdivisions (1) and (2) of this subsection.

(f) The transfer of assets, liabilities, obligations, rights, powers, privileges, duties, purposes, functions, and responsibilities of the district and the district's authority to issue bonds and impose a tax to the municipality under this section is effective regardless of whether the boundaries of the municipality are coterminous with the boundaries of the



district, unless the transfer would materially impair the security for a debt transferred to the municipality. If the transfer would materially impair the security for a debt transferred to the municipality, the debt must be restructured in the manner provided by this section before the transfer may occur.

## ADDENDA

Non-substantive provisions have been removed, but the following selected provisions are included for historical reference:

Section 9 of S.B. 1807 (1999) provides as follows:

SECTION 9. The additional directors of the Town Center Improvement District of Montgomery County, Texas, provided by Section 8, Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, as amended by this Act, shall be appointed as provided by that section as soon as practicable after the effective date of this Act. One of the additional directors shall serve for a term ending on the first Saturday in May, 2000, and the other two additional directors shall serve for a term ending on the first Saturday in May, 2002, as determined by the board of directors of the Town Center Improvement District of Montgomery County, Texas, by lot or by mutual agreement. Nothing in this Act affects the terms of office of the existing directors.

Section 5 of S.B. 1353 (2005) provides as follows:

SECTION 5. Section 13A, Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, as added by this Act, applies only to a contract for which the Town Center Improvement District of Montgomery County, Texas, first advertises or otherwise solicits

bids, proposals, offers, or qualifications on or after the effective date of this Act. A contract for which the district first advertised or otherwise solicited bids, proposals, offers, or qualifications before that date is governed by the law in effect when the first advertisement or solicitation was given, and the former law is continued in effect for that purpose.

Section 3.02 of H.B. 4109 (2007) provides as follows:

SECTION 3.02. (a) Article 2 of this Act takes effect only if a majority of the voters, at an initial confirmation election held under Section 7-a and Subsection (e), Section 9, Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, as added by Article 1 of this Act, approve the propositions. If no election is held under Section 7-a or Subsection (e), Section 9, Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, as added by Article 1 of this Act, or if the election is held but the voters do not approve the propositions or the propositions are deemed not to have been passed, Article 2 of this Act has no effect.

(b) If Article 2 of this Act takes effect under Subsection (a) of this section, the effective date of Article 2 of this Act is the date the results of the election are officially declared.

Section 11 of S.B. 2515 (2009) provides as follows:

(a) The legislature ratifies and confirms all governmental acts and proceedings of The Woodlands Township and its board and of The Woodlands Township Economic Development Zone and its governing body before the effective date of this Act, in:

(1) calling, holding, conducting, and declaring the results of the confirmation and tax election held in the district on November 6, 2007;

(2) conditionally enlarging the boundaries and increasing the number of eligible voters of the district for conducting the election described by Subdivision (1) of this subsection;

(3) changing the name of the district to The Woodlands Township;

(4) describing the boundaries of the district for any purpose, including the election described by Subdivision (1) of this subsection;

(5) creating, establishing, organizing, and describing the boundaries of The Woodlands Township Economic Development Zone;

(6) dissolving, abolishing, and transferring the funds, assets, liabilities, and obligations of all existing economic development zones overlapped by The Woodlands Township Economic Development Zone;



(7) imposing and collecting an incremental sales and use tax by The Woodlands Township Economic Development Zone; and

(8) conditionally excluding territory from the boundaries of The Woodlands Township Economic Development Zone and reserving the right to repeal or rescind the exclusion.

(b) Subsection (a) of this section does not apply to a matter that on the effective date of this Act:

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

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

Section 6 of H.B. 4149 (2015) provides as follows:

SECTION 6. The legislature finds that the powers, authority, and functions of the district authorized by this Act are essential and beneficial to the district and to the state as a whole as a program for promoting, facilitating, and accomplishing the public purposes of Section 52-a, Article III, Texas Constitution, by:

(1) promoting, sustaining, and advancing employment and economic diversification and development in the state;

(2) sustaining and stimulating business in the state;

(3) conserving and sustaining property values and living conditions in the state;

(4) promoting traffic circulation and public safety in the state;

(5) promoting the development of parks, recreational facilities, and cultural education in the state; and

(6) serving other purposes beneficial to the state.

Section 5 of S.B. 1014 (2017) provides as follows:

SECTION 5. Subtitle X, Title 6, Special District Local Laws Code, is amended by adding Chapter 11011 to read as follows:

CHAPTER 11011. THE WOODLANDS TOWNSHIP

Sec. 11011.001. DEFINITION. In this chapter, "district" means The Woodlands Township.

Sec. 11011.002. LAW GOVERNING DISTRICT. The district is governed by this chapter and Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993.

Sec. 11011.003. DISSOLUTION OF DISTRICT. (a) If at least 99 percent of the territory of the district is incorporated and the district is dissolved in the manner provided by Section 14A, Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, only the following sections of Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, apply to the municipality in addition to any applicable general law

provisions, a reference in those sections to the district means the municipality, and a reference in those sections to the board or board of directors means the governing body of the municipality:

- (1) Sections 6(a) and (c);
- (2) Sections 7(a), (b), (c), (e), (f), (g), (h), (i), (j), (l), (n), (o), (p), (q), (r), (t), (u), (v), (w), (y), (z), and (aa);
- (3) Section 7H;
- (4) Sections 9(h)(3), (4), and (5);
- (5) Section 11;
- (6) Section 11A;
- (7) Section 11B;
- (8) Section 11B-1;
- (9) Section 11C;
- (10) Sections 12A(a), (c), (d), (e), and (f); and
- (11) Section 13.

(b) The remaining provisions of Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, do not apply to the municipality after the dissolution of the district.