

AGRICULTURE CODE

TITLE 4. AGRICULTURAL ORGANIZATIONS

CHAPTER 60. TEXAS AGRICULTURAL DEVELOPMENT DISTRICTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 60.001. SHORT TITLE. This chapter may be cited as the Agricultural Development District Act.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.002. LEGISLATIVE INTENT. This chapter furthers the public purpose of improving the economy of this state by providing incentives for the development of agricultural operations and facilities.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.003. FINDINGS. (a) Agriculture is a critical element in Texas' economic, cultural, and historical development but is under considerable pressure as a result of market concentration, competitive forces, adverse weather conditions, urbanization, and other factors.

(b) Agriculture is a vital component of a diversified state economy, creates numerous economic opportunities, and serves to renew the state's natural resources through the annual production of crops and livestock and the use and reuse of agricultural by-products.

(c) The state must increase economic opportunities, including value-added operations, to keep more agriculture-based activity in the state and ensure that agriculture remains a vital force in the economy. In order to accomplish this goal, the state must provide incentives to promote the development of agricultural facilities.

(d) The means and measures authorized by this chapter are in the public interest and serve a public purpose of this state in promoting the development of agricultural facilities and operations by providing incentives for the development of projects that result in employment and economic activity.

(e) The creation of agricultural development districts is essential to accomplish the purposes of Section 52-a, Article III, Texas Constitution, and to accomplish the other public purposes stated in this chapter and further serves the purposes of Section 59, Article XVI, and Section 52, Article III, Texas Constitution. Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.004. DEFINITIONS. In this chapter:

(1) "Assessment" means a charge levied against real property located within a district's boundaries or against an agricultural product produced on real property in the district to pay the costs associated with the district's purposes, including a reassessment or supplemental assessment.

(2) "Board" means the board of directors of a district.

(3) "Bond" means an obligation issued by a district under this chapter, including a bond, certificate, note, or other evidence of indebtedness.

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

(5) "District" means a Texas Agricultural Development District established under this chapter.

(6) "Project" means an agricultural project designated under Section 60.054.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.005. GOVERNMENTAL AGENCY; TORT CLAIMS. A district is a governmental agency, a body politic and corporate, and a political subdivision of this state. Section 375.004, Local Government Code, applies to a district.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.006. PURPOSE AND NATURE OF DISTRICT. (a) A district is created as a conservation and reclamation district under Section 59, Article XVI, Texas Constitution, to conserve and develop the natural resources of this state, including agricultural resources.

(b) A district created under this chapter exercises public and essential governmental functions.

(c) Chapter 49, Water Code, does not apply to a district, except as provided by Section 60.061.

(d) The creation of a district is essential to accomplish the purposes of Section 52-a, Article III, Texas Constitution, and other public purposes stated in this chapter.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

SUBCHAPTER B. CREATION OF DISTRICT

Sec. 60.021. PETITION TO ESTABLISH DISTRICT. (a) On petition of at least 10 residents of a proposed district, five of whom must own real property in the proposed district, the commissioners court of a county in which an agricultural facility of the proposed district is to be located may commence the creation of a district.

(b) The creation of the district is subject to a confirmation election held as provided by this subchapter.

(c) A district may consist of parcels of land that are:

- (1) not contiguous; and
- (2) located in one or more counties.

(d) Not later than the 10th day following the date of receipt of a petition, the commissioners court shall provide notice of the receipt of the petition and a copy of the petition to:

- (1) the commissioners court of each other county located in whole or in part in the proposed district; and
- (2) the governing body of each municipality located in whole or in part in the proposed district.

(e) No part of a proposed district may be located within the corporate boundaries of a municipality unless, prior to the formation of the district, the governing body of the municipality consents in writing to the formation of the district within the municipality.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.022. CONTENTS OF PETITION. A petition filed under

Section 60.021 must:

(1) describe the boundaries of the proposed district by metes and bounds or by lot and block number, if there is a recorded map or plat and survey of the area;

(2) include a name for the proposed district, which must include the term "Agricultural Development District";

(3) be signed by the landowners of any land to be included within the proposed district and provide an acknowledgment consistent with Section 121.001, Civil Practice and Remedies Code, that the landowners desire the land to be included in the district;

(4) include the names of at least five persons who are willing and qualified to serve as temporary directors of the district;

(5) name each county in which any agricultural facilities to be owned by the district are to be located;

(6) name each municipality in which any part of the district is to be located;

(7) state the general nature of the proposed development and the cost of the development as then estimated by the petitioners;

(8) state the necessity and feasibility of the proposed district and whether the district will serve the public purpose of furthering agricultural interests;

(9) include a pledge that the district will make payments in lieu of taxes to any school district and county in which any real property to be owned by the district is located, as follows:

(A) annual payments to each entity equal to the amount of taxes imposed on the real property by the entity in the year of the district's creation; and

(B) a payment to each entity equal to the amount that would be due under Section 23.55, Tax Code, on the district's date of creation; and

(10) include a pledge that, if the district employs more than 50 persons, the district will make payments in lieu of taxes to any school district, in addition to those made under Subdivision (9), in an amount negotiated between the district and

the school district.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.023. COMMISSIONERS COURT TO CALL PUBLIC HEARING. Before the 30th day after the date a petition is received, the commissioners court shall call a public hearing at which the petition will be considered. The notice of the hearing must state that any person may appear and present evidence or testify for or against the creation of the district.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.024. ADDITIONAL NOTICE OF PUBLIC HEARING. In addition to other notice required by law, before the 14th day before the date of the public hearing, notice of the hearing shall be mailed to the persons who signed the petition and be published in a newspaper with general circulation in the county with the most land within the proposed district.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.025. PUBLIC HEARING. (a) At the public hearing, the commissioners court shall examine the petition to ascertain its sufficiency.

(b) Any interested person may appear at the public hearing to offer evidence or testimony on the sufficiency of the petition and whether the district should be created.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.026. ACTION ON PETITION. (a) After the hearing, if the commissioners court finds that the petition conforms to the requirements of Section 60.022 and that the creation of the district and the proposed development is feasible and necessary and would serve the public purpose of economic development in the counties to be included in the district, the commissioners court shall make that finding and enter an order granting the petition and creating the district.

(b) The order may specify the cost of publishing notice and conducting hearings for the creation of the district together with

the cost of conducting the confirmation election. A county may require the petitioners to pay the county the appropriate amounts specified in the order creating the district at the time the order becomes final.

(c) If the commissioners court finds that the petition does not conform to the requirements of Section 60.022 or that the creation of the district and the proposed project is not feasible and necessary and would not serve the public purpose of economic development in the counties to be included in the district, the commissioners court shall make that finding in an order and deny the petition.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.027. TEMPORARY DIRECTORS; VACANCY IN OFFICE. (a) If the commissioners court grants the petition, it shall appoint as temporary directors of the district five persons who are qualified under this chapter to serve as directors.

(b) A vacancy in the office of temporary directors shall be filled by appointment by the commissioners court.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.028. QUALIFICATION AND BOND OF TEMPORARY DIRECTORS. Each temporary director shall execute a bond in accordance with Section 60.087 and shall take the oath of office.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.029. ELECTION TO CONFIRM DISTRICT AND INITIAL PERMANENT DIRECTORS. The temporary board of directors shall conduct an election in the district to confirm the creation of the district and to confirm the initial permanent directors.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.030. ELECTION ORDER. An order calling an election under Section 60.029 must state:

(1) the nature of the election, the proposition to appear on the ballot, and the names of at least five persons to serve as the initial permanent members of the board of directors;

- (2) the number and terms of directors on the board and the manner of selection of board members;
- (3) the date of the election;
- (4) the hours during which the polls will be open; and
- (5) the location of the polling places.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.031. NOTICE. In addition to other notice required by law, the temporary directors shall give notice of the election by publishing the substance of the election order in a newspaper with general circulation in the county in which the most land within the proposed district is located. The notice must be published before the 14th day before the date set for the election.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.032. CONDUCT OF ELECTION. (a) The election shall be held in accordance with the Election Code, to the extent not inconsistent with this chapter.

(b) The ballot shall be printed to permit:

(1) voting for or against the proposition: "The creation of _____ Agricultural Development District and confirmation of the initial permanent directors of the district"; and

(2) naming of the proposed initial permanent directors.

(c) If the proposed district contains not more than 25 registered voters, Section 41.001(a), Election Code, does not apply to the election.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Amended by Acts 2003, 78th Leg., ch. 746, Sec. 1, eff. Sept. 1, 2003.

Sec. 60.033. ELECTION RESULTS. (a) After the election, the presiding judge shall make returns of the result to the temporary board of directors. The temporary board of directors shall canvass the returns and declare the results.

(b) If a majority of the votes cast in the election favor the

creation of the district, the temporary board shall order the district to be created and the persons named on the ballot to serve as the initial permanent directors and shall enter the order in its minutes. If a majority of the votes cast in the election do not favor the creation of the district, the temporary board shall declare the proposition to create the district as defeated and enter the result in its minutes.

(c) A certified copy of the temporary board's order creating the district or of the declaration that the proposition to create the district was defeated shall be sent to the commissioners court of each county included in the district by certified or registered mail. The board shall include with the order or declaration the date of the election, the ballot proposition, and the number of votes cast for or against the proposition. A certified copy of the order creating the district shall be filed in the real property records in the county in which the district is located and shall include the legal description of the district.

(d) In the event 10 or fewer votes are cast in the election, not later than the 90th day following the date of the order canvassing the election, the temporary board shall submit the proceedings of the election, including voter affidavits as to residency and qualification to vote, to the attorney general.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

SUBCHAPTER C. DISTRICT POWERS AND DUTIES

Sec. 60.051. GENERAL POWERS AND DUTIES. (a) A district has the powers and duties that are prescribed by this chapter and that are necessary or desirable to carry out a power or duty expressly or implicitly granted to the district under this chapter.

(b) A district may own or implement more than one project under this chapter.

(c) A district may merge with another district or districts provided that the board of each district agrees to the merger.

(d) A district may perform acts necessary to carry out the purposes of this chapter.

(e) A district may not impose an ad valorem tax.

(f) A district may make payments in lieu of taxes to a school district or county in the manner provided by Sections 60.022(9) and (10).

(g) To the extent consistent with the purposes of this chapter, a district may enter into an installment purchase contract to acquire goods or services for the district.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.052. ECONOMIC DEVELOPMENT. A district may encourage the economic development of the area in which the district is located by:

- (1) fostering the growth of agricultural enterprises;
- (2) stimulating innovation in agricultural enterprises;
- (3) seeking to eliminate unemployment or underemployment in the state; and
- (4) developing or expanding transportation resources for agricultural purposes.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.053. AGRICULTURAL DEVELOPMENT. (a) A district may:

- (1) promote all agricultural enterprises, facilities, and services of the district;
- (2) encourage the maintenance and conservation of soil and water in the district;
- (3) acquire, design, construct, and operate an agricultural enterprise; and
- (4) expand, develop, and diversify production, processing, marketing, and export of Texas agricultural products.

(b) A district may acquire property as necessary, including vehicles, farm equipment, and other machinery and related facilities for the harvesting, processing, storage, packaging, distribution, and transportation of agricultural products or by-products.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.054. AGRICULTURAL PROJECTS; NOTICE. (a) The district shall designate as an agricultural project a project that relates to the development of agriculture in the district and surrounding areas and the preservation and conservation of the soil and water in the district for agricultural purposes.

(b) Each project designated under Subsection (a) must be approved by:

(1) the department; and

(2) the county commissioners court of the county in which the project is to be located.

(c) The cost of a project, including interest during construction and costs of issuance of bonds, may be paid from any source, including proceeds of district bonds.

(d) The implementation of a project is a governmental function or service for purposes of Chapter 791, Government Code.

(e) Before the 14th day preceding the date the county commissioners court considers approval of a project not included in the district's creation order, the district shall notify by mail each person who owns land that is immediately adjacent to the proposed project.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.055. TRANSPORTATION DEVELOPMENT; NAVIGATION DISTRICTS. (a) The district may encourage the transportation and distribution of the district's agricultural products through the development and operation of transportation structures necessary to further the purposes of this chapter, including railroads, toll roads, and private roads.

(b) The district may cooperate and contract with any navigation district on any area of mutual interest.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.056. AGREEMENTS; DONATIONS. (a) The district may:

(1) make an agreement with any person for any district purpose, including an agreement:

(A) to acquire, construct, operate, or maintain an agricultural enterprise;

(B) with a municipality or county to provide law enforcement services in the district on a fee basis; or

(C) under a qualified management contract for the operation of an agricultural facility; and

(2) accept a donation, grant, or loan from any person.

(b) The district, a county, and any other political subdivision may contract to implement a district project or assist the district in providing a service authorized by this chapter. A contract under this subsection may provide:

(1) for payment from a district assessment or other revenue; or

(2) that an assessment or other revenue collected from a district project, or from a person using or purchasing a commodity or service from a district project, may be paid or rebated to the district.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.057. PROPERTY. The district may acquire or dispose of property in any manner, including by:

(1) conveyance;

(2) mortgage; or

(3) lease, as lessor or lessee.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.058. EMINENT DOMAIN. The district may exercise the power of eminent domain for the purpose of acquiring an agricultural facility in order to own, operate, or maintain its functional capabilities or the land on which an agricultural facility is to be built, if the land will be owned by the district. The use of the land may be the subject of a lease agreement entered into by the district.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.059. RESEARCH. The district may conduct or pay for research for agricultural purposes.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.060. SUITS. (a) The district may sue and be sued.

(b) In a suit against the district, process may be served on a director or registered agent.

(c) The district may not be required to give a bond on an appeal or writ of error in a civil case that the district is prosecuting or defending.

(d) The district may indemnify a director or district employee or a former director or district employee for reasonable expenses and costs, including attorney's fees, incurred by that person in connection with a claim asserted against that person if:

(1) the claim relates to an act or omission of the person when acting in the scope of the person's board membership or district employment; and

(2) the person has not been found liable or guilty on the claim.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.061. ANNEXATION; EXCLUDING TERRITORY. (a) The district may annex land as provided by Section 49.301 or 49.302, Water Code, except that the references in those sections related to taxes do not apply. As provided by those sections, the district may annex land that is not adjacent or contiguous to the district.

(b) A district may not annex territory within the corporate limits of a municipality unless the governing body of the municipality consents in writing to the annexation.

(c) 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 Section 49.304 or 49.307, Water Code, if the proposed exclusion is practicable, just, or desirable.

(d) The board shall call a hearing on the exclusion of land or other property from the district in the manner provided by Section 49.304 or 49.307, Water Code, if a property owner in the district files with the board secretary a written petition requesting the hearing before the district issues any bonds.

(e) The district may annex land only with the written consent of the owner of the land to be annexed. The consent must include a statement that the owner of the land to be annexed

understands that the land, once included in the district, will be subject to assessments imposed by the district.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.062. POWERS BEYOND DISTRICT TERRITORY. The district may exercise any of its powers outside the boundaries of the district, except the power to impose assessments and the power of eminent domain, if the board determines that there is a benefit to the district in exercising that power.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.063. NOTICE TO PURCHASERS. (a) Except as provided by Subsection (e), any person who proposes to sell or convey real property located in a district must first give to the purchaser written notice that the property is located in the district. The notice must be given to the prospective purchaser prior to execution of a binding contract of sale and purchase either separately or as an addendum or paragraph of a purchase contract. The purchaser shall sign the notice as evidence of receipt.

(b) At the closing of the purchase and sale, a separate copy of the notice with current information about the district and its right to impose assessments on land within its boundaries, which conveys with the land, shall be executed by the seller and purchaser and recorded in the deed records of the county in which the property is located.

(c) A purchaser or the purchaser's heirs, successors, or assigns may not maintain any action for damages or maintain any action against the seller, title insurance company, real estate brokers, or lienholder, or any agent, representative, or person acting in their behalf, by reason of the imposition of fees or assessments by the district authorized by this chapter. Notice is not required to be given pursuant to this section unless a certified copy of the order creating the district has been recorded in the real property records in the county in which the land is located and such order contains the legal description of the district. A purchaser, seller, lender, real estate broker, title insurance company, and title insurance agent may conclusively rely on the

recorded certified copy of the order.

(d) The board shall prescribe the form for notice under this section.

(e) A seller is not required to give notice under this section if:

(1) the seller is obligated under a written contract to furnish to the buyer a title insurance commitment before the contract closing; and

(2) the purchaser is entitled under the contract to terminate the contract because the property is located in a district.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Amended by Acts 2003, 78th Leg., ch. 369, Sec. 6, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 746, Sec. 2, eff. Sept. 1, 2003.

Sec. 60.0631. FILING INFORMATION. (a) A district shall file with the department and the county clerk in each county in which all or part of the district is located:

(1) the form described by Subsection (b);

(2) a complete and accurate map or plat showing the boundaries of the district; and

(3) a copy of the form for notice to purchasers required by Section [60.063](#).

(b) The information form filed by a district under this section must include:

(1) the name of the district;

(2) a complete and accurate legal description of the boundaries of the district;

(3) the most recent rate of any assessments in the district;

(4) the total amount of any bonds that have been approved by the voters of the district, other than refunding bonds and any bonds or portion of bonds payable solely from revenues received under a contract with a governmental entity;

(5) the date on which the election to confirm the creation of the district was held; and

(6) a statement of the functions performed by the

district.

(c) The information form and map or plat required by this section must be signed by a majority of the members of the board and by each board officer before it is filed with the department and each appropriate county clerk, and each amendment made to an information form, map, or plat must be signed by the members of the board and by each board officer.

(d) The information form required by this section must be filed with each appropriate county clerk and the department not later than 48 hours after the district is approved by an election under Section 60.032 and the election results are certified.

(e) Not later than the seventh day after the date of any change in any information contained in the district information form, map, or plat, the district shall file with the department and each appropriate county clerk an amendment to the information form, map, or plat that describes the change.

(f) If a district is dissolved, annexed, or consolidated, the board shall file with the department and each appropriate county clerk a statement of the effective date of the dissolution, annexation, or consolidation. A person who sells or conveys property within a dissolved district is not required to give notice under Section 60.063.

Added by Acts 2003, 78th Leg., ch. 746, Sec. 3, eff. Sept. 1, 2003.

Sec. 60.064. OFFICIAL SEAL. The district may adopt an official seal for the district.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.065. LIMIT ON DISTRICT POWERS. The district may not exercise a power unless it furthers the purposes of this chapter.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

SUBCHAPTER D. BOARD OF DIRECTORS

Sec. 60.081. BOARD OF DIRECTORS. (a) The district is governed by a board of directors selected in the manner provided by the order issued under Section 60.030. On approval of the county

commissioners court of each county in which the district is located, the board may increase or decrease the number of directors on the board by resolution if the board finds that to do so is in the best interest of the district.

(b) The directors serve terms as provided by the order issued under Section 60.030.

(c) To serve as a director, a person must be at least 18 years old and:

(1) reside in the district; or

(2) own real property in the district.

(d) The board shall elect from among its members a president, vice president, and secretary. The board by rule may provide for the election of other officers.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.082. VACANCIES. The remaining directors shall fill by appointment for the unexpired term a vacancy in the office of director.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.083. BOARD MEETINGS. The board shall meet at least once every three months and at the call of the presiding officer or a majority of the directors.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.084. MANAGEMENT OF DISTRICT. (a) The board has control over and shall manage the affairs of the district and may employ any person, firm, partnership, or corporation the board considers necessary for conducting the affairs of the district, including engineers, attorneys, financial advisors, a general manager, operations personnel, auditors, and secretaries.

(b) The board may require an officer or employee to execute a bond payable to the district and conditioned on the faithful performance of the person's duties.

(c) The board may remove any district employee.

(d) The board may adopt rules necessary or convenient to carry out district powers and duties to govern its affairs.

(e) The board may adopt rules to preserve the public health and welfare concerning the agricultural products submitted to the district for harvesting, processing, distributing, or transporting.

(f) The board may adopt rules on the priority of the use of district property and services, including the payment of fees.
Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.085. HEARINGS. (a) The board may conduct hearings and take evidence on any matter before the board.

(b) The board may appoint a hearings examiner to conduct a hearing called by the board. The hearings examiner may be a district employee or director.
Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.086. COMPENSATION AND EXPENSES. A director serves without compensation but is entitled to be reimbursed by the district for a reasonable and necessary expense incurred in performing an official duty.
Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.087. DIRECTOR'S BOND. (a) As soon as practicable after a director is appointed or elected, 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.

(c) The bond shall be filed with and retained by the district.
Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.088. CONFLICTS OF INTEREST; AFFIDAVIT OF INTEREST.
(a) Except as provided in this section:
(1) a director may participate in all board votes and decisions; and
(2) Chapter 171, Local Government Code, governs conflicts of interest for directors.

(b) Section 171.004, Local Government Code, does not apply

to the district. A director who has a substantial interest in a business or charitable entity that will receive a pecuniary benefit from a board action shall file a one-time affidavit declaring the interest. An additional affidavit is not required if the director's interest changes. After the affidavit is filed with the board secretary, the director may participate in a discussion or vote on that action if:

(1) a majority of the directors have similar interests in the same entity; or

(2) all similar business or charitable entities in the district will receive a similar pecuniary benefit.

(c) A director who is also an officer or employee of another public entity may not participate in the discussion of or vote on a matter regarding a contract with that other public entity.

(d) For purposes of this section, a director has a substantial interest in a business or charitable entity in the same manner that a person would have a substantial interest in a business entity under Section [171.002](#), Local Government Code.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

SUBCHAPTER E. FINANCES; BONDS

Sec. 60.101. MISCELLANEOUS FINANCIAL POWERS AND DUTIES.

(a) The district may:

(1) impose a charge for using land, a facility, or a service the district provides;

(2) issue bonds as provided by this subchapter;

(3) borrow money for any corporate purpose or combination of purposes;

(4) loan money;

(5) invest money under its control in an investment permitted by Chapter [2256](#), Government Code;

(6) select a depositor;

(7) establish a system of accounts for the district;

and

(8) set the fiscal year for the district.

(b) The board by rule shall establish the procedure and

number of directors' signatures required to disburse or transfer district money.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.102. REPAYMENT OF ORGANIZATIONAL EXPENSES. The directors may pay:

(1) all costs and expenses necessarily incurred in the creation and organization of the district;

(2) the cost of investigation and making plans, including the cost of feasibility analyses, engineering reports, design fees, and other necessary costs; and

(3) legal fees.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.103. BONDS. (a) The district may issue any type of bond, including an anticipation note or refunding bond, for any district purpose. A bond may be issued under Chapter 1371, Government Code.

(b) When authorizing the issuance of a bond, the district may also authorize the later issuance of a parity or subordinate lien bond.

(c) A district bond must:

(1) mature not later than 40 years after its date of issuance; and

(2) state on its face that the bond is not an obligation of the state.

(d) A district bond may be payable from or secured by:

(1) any source of money, including district revenue, loans, or assessments; or

(2) a lien, pledge, mortgage, or other security interest on district revenue or property.

(e) The district may use bond proceeds for any purpose, including to pay:

(1) into a reserve fund for debt service;

(2) for the acquisition, design, construction, repair, maintenance, or replacement of property, including buildings and equipment;

(3) administrative and operating expenses;

(4) all expenses incurred or that will be incurred in the issuance, sale, and delivery of the bonds;

(5) the principal of and interest on bonds; or

(6) for the operation of an agricultural enterprise.

(f) The district may contract with a bondholder to impose an assessment to pay for the operation of an agricultural enterprise.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.104. APPROVAL OF ASSESSMENT BONDS. A bond secured by an assessment may not be issued unless the district receives a written petition signed by each owner of the property being assessed requesting the assessment and the issuance of bonds.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.105. AGRICULTURAL FINANCE AUTHORITY BONDS. (a) A district may apply for and receive financial assistance from the Texas Agricultural Finance Authority. The assistance may be funding derived from the proceeds of general obligation or revenue bonds issued by the authority or may be loans, loan guaranties, insurance, or any other benefit offered by the authority for the purposes of expansion, development, and diversification of production, processing, marketing, and export of Texas agricultural products.

(b) A district's proposal under this section is subject to Chapter 58. If a district project involves a value-added agricultural operation, it shall receive preference as provided by Section 58.0211(b).

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.106. TAX INCREMENT FINANCING. (a) A district may use tax increment financing under Chapter 311, Tax Code, in the manner provided by that chapter for a municipality and as modified by this section.

(b) A county commissioners court may establish a reinvestment zone including property located in the district and enter into a contract with the directors of the district on terms

mutually acceptable to the two entities to allow the district to use tax increment financing as provided by Chapter 311, Tax Code.

(c) Property within the corporate limits of a municipality is not eligible for tax increment financing under this section.

(d) Before using tax increment financing, a district must:

(1) obtain the approval of the county commissioners court that issued the district's creation order; and

(2) comply with Section 311.003, Tax Code, as that section applies to a municipality.

(e) For the purpose of tax increment financing under this section, the district board of directors is the board of directors of the reinvestment zone. Section 311.009, Tax Code, does not apply to this chapter.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

SUBCHAPTER F. ASSESSMENTS

Sec. 60.121. GENERAL POWERS. (a) A district may impose an assessment:

(1) for a district expense;

(2) to finance a project or district service; or

(3) for any other purpose authorized by this chapter.

(b) Money derived from an assessment for one purpose may not be borrowed or otherwise used for a purpose other than the purpose for which the assessment is imposed, except as provided by Subsection (c).

(c) The board shall establish a procedure for the distribution or use of money derived from an assessment that exceeds the amount of money necessary to accomplish the purpose for which the assessment was collected.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.122. LIMITS ON ASSESSMENTS. (a) A district may impose an assessment only on real property or on an agricultural product produced on real property included in a petition for assessment.

(b) The owner of an improvement constructed in the district

may waive the right to notice and an assessment hearing and may agree to the imposition of the assessment on the improvement or land and payment of the assessment at an agreed rate.

(c) The district may not impose an assessment on property owned by a utility. For purposes of this subsection, "utility" means a person that provides to the public gas, electricity, telephone, wastewater, or water service.

(d) A district assessment on real property runs with the land and successor landowners are bound to pay district assessments as they are imposed on the land within the district, providing that notice to purchasers was provided to a successor landowner under Section 60.063.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.123. HEARING AND PETITION REQUIRED. A district may impose an assessment only if:

(1) a written petition has been filed with the board that:

(A) requests the assessment;

(B) states the specific purpose of the assessment; and

(C) is signed by each owner of the real property to be assessed or, for an assessment on an agricultural product, by each owner of real property on which the agricultural product subject to the assessment may be produced;

(2) two-thirds of the members of the board vote to impose the assessment;

(3) the board provides notice of a hearing on the proposal under Section 60.129; and

(4) the board holds a hearing on the advisability of the assessment under Section 60.130.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.124. APPORTIONMENT OF COST. The board shall apportion the cost of an assessment according to the special benefits accruing to the real property or product because of the project or service to be financed by the assessment. The cost may

be assessed on real property or on an agricultural product produced on real property, as appropriate:

(1) equally by front foot or by square foot of the land area of the real property;

(2) equally by acreage of the real property;

(3) according to the value of the real property or agricultural product as determined by the board, which may consider the value of a structure or improvement on real property;

(4) based upon the productivity of land subject to the assessment or on which the agricultural product subject to the assessment is produced;

(5) in proportion to the value of the agricultural product produced on the real property for the year preceding the year of the assessment; or

(6) according to any other reasonable assessment plan that imposes a fair share of the cost on property or agricultural products similarly benefited.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.125. ASSESSMENT TO FINANCE A PROJECT OR SERVICE. If the board determines the total cost of an assessment to finance a project or service, the board shall impose the assessment against each parcel of land or against the agricultural product against which an assessment may be imposed in the district. The board may impose an annual assessment for a service. The amount of an annual assessment may vary from year to year, but may not exceed the amount necessary to pay the costs and debts of a project to be financed by the assessment.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.126. ASSESSMENT ROLL. (a) The board shall prepare and maintain an assessment roll showing the assessment against each parcel of real property and against all applicable agricultural products and the board's basis for the assessment.

(b) The board shall allow the public to inspect the assessment roll.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.127. INTEREST ON ASSESSMENTS; LIEN. (a) An assessment, including an assessment resulting from an addition or correction to the assessment roll, penalties and interest on an assessment, assessment collection expenses, and reasonable attorney's fees incurred by the district in collecting an assessment are:

(1) a first and prior lien against the property or agricultural product assessed;

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

(3) the personal liability of and charge against the owners of the property or the agricultural product when the assessment was made, even if the owners are not named in an assessment proceeding.

(b) The lien is effective from the date of the order imposing the assessment until the assessment and any related penalties, interest, collection expenses, or attorney's fees are paid.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.128. MISTAKES. After notice and hearing in the manner required for an original assessment, the board may impose an assessment to correct a mistake in the assessment:

(1) relating to the total cost of the assessment; or

(2) covering a delinquency or collection costs.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.129. NOTICE OF HEARING. (a) In addition to other notice required by law, the board shall provide notice of an assessment hearing in a newspaper with general circulation in the district. The publication must be made not later than the 14th day before the date of the hearing.

(b) The notice must include the:

(1) time and place of the hearing;

(2) purpose of the proposed assessment;

(3) estimated cost of the purpose for which the assessment is proposed, including interest during construction and associated financing costs; and

(4) proposed assessment method.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.130. CONDUCT OF HEARING. (a) A hearing on a proposed assessment may be adjourned from time to time.

(b) If a hearings examiner conducts the hearing, the examiner shall file with the board a report on the examiner's findings under Subsection (d).

(c) The board or hearings examiner shall hear and rule on all objections to a proposed assessment raised at the hearing by an owner of real property that would be subject to the assessment or on which agricultural products subject to the assessment are produced.

(d) The board or hearings examiner shall make findings relating to the:

(1) advisability of the assessment, including the purpose of the assessment;

(2) estimated cost of the assessment;

(3) area benefited by the assessment;

(4) method of assessment; and

(5) method and time for payment of the assessment.

(e) After receiving or issuing the findings required by Subsection (d), the board by order:

(1) shall:

(A) impose the assessment as a special assessment on the property or on the agricultural products; and

(B) specify the method of payment on the assessment; and

(2) may:

(A) amend a proposed assessment;

(B) require an assessment to be paid in periodic installments, including interest;

(C) require an interest charge or penalty for a failure to make timely payment; or

(D) charge an amount to cover a delinquency or

collection expense.

(f) If the board orders that an assessment may be paid in periodic installments, the installments must:

(1) be in amounts sufficient to meet the annual costs of the project or service for which the assessment is imposed; and

(2) continue for the number of years required to retire the indebtedness or pay for the project or service for which the assessment is imposed.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.131. REHEARING. On petition of a property owner contesting an assessment of the owner's real property or agricultural products received not later than the 30th day after the date the assessment order is issued, the board may hold an additional hearing to consider the assessment order.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.132. FILING OF NOTICE OF ASSESSMENT. Not later than the 30th day after the date on which an assessment order is issued, the district shall file a notice of the assessment in the deed records of the county in which the real property to be assessed, or on which the agricultural product to be assessed is produced, is located. The notice must:

(1) provide a description of the real property or the agricultural products that are subject to the assessment;

(2) state the name of the owner of the real property or the agricultural products subject to the assessment; and

(3) describe how to contact the district for further information about the assessment.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.133. APPEAL OF INDIVIDUAL ASSESSMENT. (a) A real property owner or a person who owns an agricultural product against which an assessment is imposed may appeal the assessment to a district court in the county in which the real property assessed, or on which the agricultural product is produced, is located.

(b) The owner must file the notice of appeal with the court

not later than the 30th day after the person receives a bill or other notice of the assessment.

(c) The court shall review the appeal by trial de novo.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.134. ASSESSMENT AFTER APPEAL. If the court holds that an assessment is invalid, the board may impose a new assessment in accordance with this subchapter.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

SUBCHAPTER G. DISSOLUTION

Sec. 60.151. DISSOLUTION. The district dissolves if:

- (1) a majority of the board votes for dissolution; and
- (2) all district debts and obligations have been discharged.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.

Sec. 60.152. DISPOSITION OF PROPERTY OF DISSOLVED DISTRICT. Prior to dissolution, the board may sell its property. If the purchaser of any district property is not a governmental entity, purchase by the person renders the agricultural facility or other property ineligible to issue tax-exempt securities, to impose assessments, or to be eligible for tax-exempt status.

Added by Acts 2001, 77th Leg., ch. 1393, Sec. 1, eff. June 16, 2001.