

LOCAL GOVERNMENT CODE

TITLE 4. FINANCES

SUBTITLE A. MUNICIPAL FINANCES

CHAPTER 108. MUNICIPAL BONDS FOR CERTAIN DEFINED AREAS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 108.001. DEFINITION. In this chapter, "defined area" means a defined area created by a municipal utility district under Subchapter J, Chapter 54, Water Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 813 (S.B. 1535), Sec. 1, eff. June 15, 2007.

Sec. 108.002. APPLICATION OF CHAPTER. This chapter applies only to a municipality that under Section 43.075 or any other law abolishes a municipal utility district created under Section 59, Article XVI, Texas Constitution, that contains a defined area.

Added by Acts 2007, 80th Leg., R.S., Ch. 813 (S.B. 1535), Sec. 1, eff. June 15, 2007.

Sec. 108.003. CONFLICT WITH OTHER LAWS. To the extent of a conflict between this chapter and any other law, including Subchapter A, Chapter 372, this chapter controls.

Added by Acts 2007, 80th Leg., R.S., Ch. 813 (S.B. 1535), Sec. 1, eff. June 15, 2007.

SUBCHAPTER B. BONDS USED TO CARRY OUT PURPOSES OF
DEFINED AREA IN ABOLISHED MUNICIPAL UTILITY DISTRICT

Sec. 108.051. BONDS ORIGINALLY AUTHORIZED IN ABOLISHED MUNICIPAL UTILITY DISTRICT; PROPERTY TAXES. (a) If, before its abolition, a municipal utility district voted to issue bonds secured by property taxes for a defined area under Section 54.806, Water Code, and if some or all of the bonds were not issued, sold, and delivered before the abolition, the governing body of the municipality that abolished the district may issue and sell municipal bonds:

(1) in an amount not to exceed the amount of the unissued district bonds approved by the voters; and

(2) for the purpose of carrying out the purposes for which the district bonds were voted.

(b) The bonds are issued under the authority under which they were voted, particularly Section 59, Article XVI, Texas Constitution. The bonds must be secured by a tax under the authority under which they were voted, particularly a tax on the property in the defined area of the abolished district.

(c) The bonds must be authorized by ordinance of the governing body of the municipality. The ordinance must provide for the levy of taxes on all taxable property in the defined area of the abolished district to pay the principal of and interest on the bonds when due.

Added by Acts 2007, 80th Leg., R.S., Ch. 813 (S.B. 1535), Sec. 1, eff. June 15, 2007.

Sec. 108.052. BONDS AUTHORIZED UNDER PUBLIC IMPROVEMENT DISTRICT; ASSESSMENTS. (a) If, before its abolition, a municipal utility district voted to issue bonds secured by property taxes for a defined area under Section 54.806, Water Code, and if some or all of the bonds were not issued, sold, and delivered before the abolition, the governing body of the municipality that abolished the district may, on its own motion, establish a public improvement district under Subchapter A, Chapter 372, for the purpose of issuing and selling municipal bonds:

(1) in an amount not to exceed the amount of the unissued district bonds approved by the voters; and

(2) for the purpose of carrying out the purposes for which the district bonds were voted, including the cost of facilities constructed after creation of the defined area in accordance with the plan for improvements adopted by the board of directors of the abolished district.

(b) A municipality that establishes a public improvement district under this section may:

(1) enter into agreements with developers of property in the public improvement district for the construction,

acquisition, expansion, improvement, or extension of improvements in the public improvement district;

(2) reimburse a developer for the costs of the improvements through assessments payable in installments on property in the public improvement district;

(3) pledge any type of assessment, including installment assessments, levied against property in the public improvement district as security for bonds and agreements; and

(4) structure the assessments in any manner determined by the governing body of the municipality.

(c) In structuring an assessment under this section, the municipality may include in the assessment:

(1) a coverage factor;

(2) any prepayment dates;

(3) terms or amounts; and

(4) any other methodology or amounts determined necessary or convenient by the governing body of the municipality.

(d) Any bonds issued by the municipality under this section must be authorized by ordinance of the governing body of the municipality and shall provide for the collection of the assessments as authorized by Subchapter A, Chapter 372, and this chapter.

(e) The bonds may be payable in installments, as determined by the governing body of the municipality, against the property in the defined area.

(f) The municipality may use the bonds to:

(1) pay or reimburse a developer for public improvements in the public improvement district under a development or other agreement with the developer;

(2) pay the principal of and interest on the bonds when due; or

(3) pay any combination of purposes described by Subdivisions (1) and (2).

Added by Acts 2007, 80th Leg., R.S., Ch. 813 (S.B. 1535), Sec. 1, eff. June 15, 2007.

Sec. 108.053. PLEDGES TO SECURE BONDS. The municipality may

further pledge any available funds to secure the bonds, including taxes or other revenue.

Added by Acts 2007, 80th Leg., R.S., Ch. 813 (S.B. 1535), Sec. 1, eff. June 15, 2007.

Sec. 108.054. CHOICE OF LAWS. (a) A municipality may exercise powers under Section 108.051 or 108.052, but may not exercise powers under both sections for the same defined area.

(b) A municipality that exercises powers under Section 108.051 or 108.052 to reimburse a developer's infrastructure costs in a defined area shall not be required to provide payment to the developer under Section 43.0715.

Added by Acts 2007, 80th Leg., R.S., Ch. 813 (S.B. 1535), Sec. 1, eff. June 15, 2007.

Sec. 108.055. CONFLICT WITH MUNICIPAL CHARTER. This subchapter prevails over a municipal charter provision to the extent of a conflict with this subchapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 813 (S.B. 1535), Sec. 1, eff. June 15, 2007.

Sec. 108.056. EFFECT ON OTHER MUNICIPAL BONDS. This subchapter does not affect the authority of a municipality to issue bonds for other purposes.

Added by Acts 2007, 80th Leg., R.S., Ch. 813 (S.B. 1535), Sec. 1, eff. June 15, 2007.