Sec. 382.001. DEFINITIONS. (a) In this chapter:

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

(2) "District" means a public improvement district created by a county under this chapter.

(3) "Hotel" has the meaning assigned by Section 156.001, Tax Code, and includes a timeshare, overnight lodging unit, or condominium during the time the timeshare, overnight lodging unit, or condominium is rented by a person who is not the owner of the timeshare, overnight lodging unit, or condominium.

(4) "Municipality" means the municipality in whose extraterritorial jurisdiction the improvement project is to be located.

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Sec. 382.002. APPLICABILITY. This chapter applies only to:

(1) a county with a population of 1.5 million or more, other than a county that:

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

(B) has two municipalities located wholly or partly in its boundaries each having a population of 225,000 or more; or

(2) a county with a population of 70,000 or more that is adjacent to a county described by Subdivision (1) in which a municipality with a population of 35,000 or more is primarily situated and includes all or a part of the extraterritorial jurisdiction of a municipality with a population of 1.1 million or
Sec. 382.003. NATURE OF DISTRICT; PURPOSE. (a) A district is created under Section 52, Article III, and Section 59, Article XVI, Texas Constitution.

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

Sec. 382.004. COUNTY MAY ESTABLISH DISTRICT. A county may create a public improvement district under this chapter if the county determines it is in the county's best interest. A district is a political subdivision of this state.

Sec. 382.005. APPLICABILITY; CONFLICT OF LAWS. This chapter controls to the extent of a conflict between this chapter and Subchapter A, Chapter 372.
Sec. 382.006. ESTABLISHMENT OF ECONOMIC DEVELOPMENT PROJECTS; OPTIONAL CREATION OF PUBLIC IMPROVEMENT DISTRICT. (a) The commissioners court of a county may on receipt of a petition satisfying the requirements of Section 372.005, establish by order an economic development project in a designated portion of the county, or, if the county determines it is in the best interests of the county, create a district by order only in an area located in the extraterritorial jurisdiction of a municipality in that county. If the county is a county described by Section 382.002(2), the petition described by this subsection must also be approved by a resolution adopted by the municipality with a population of 1.1 million or more.

(b) For a county described by Section 382.002(2), a district may only be created in an area containing at least 2,000 contiguous acres of land that is located wholly or partly in the extraterritorial jurisdiction of a municipality with a population of 1.1 million or more.

(c) The order must:

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

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

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

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.
Sec. 382.051. GOVERNING BODY; TERMS. If a county elects to delegate the authority granted under this chapter, it shall appoint a board of seven directors to serve staggered two-year terms, with three or four directors' terms expiring June 1 of each year to manage the economic development project or, at the option of the county, govern the district.

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Sec. 382.052. ELIGIBILITY. (a) To be eligible to serve as a director, a person must be at least 18 years old.

(b) If the population of the district is more than 1,000, to be eligible to serve as a director, a person must be at least 18 years old, reside in the district, and be:

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

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Amended by:
Acts 2019, 86th Leg., R.S., Ch. 717 (H.B. 304), Sec. 8, eff. September 1, 2019.

Sec. 382.053. VACANCIES; QUORUM. (a) A board vacancy is filled in the same manner as the original appointment.

(b) A vacant board position is not counted for the purposes of establishing a quorum of the board.

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.
Sec. 382.054. CONFLICTS OF INTEREST. Chapter 171 governs conflicts of interest for directors. Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Sec. 382.055. COMPENSATION. (a) For purposes of this section, "performs the duties of a director" means substantial performance of the management of the district's business, including participation in board and committee meetings and other activities involving the substantive deliberation of district business and in pertinent educational programs, but does not include routine or ministerial activities such as the execution of documents or self-preparation for meetings.

(b) A county is authorized to compensate the directors when they perform the duties of a director. The county shall compensate a director not more than $50 a day for each day that the director performs the duties of a director.

Sec. 382.056. OATH AND BOND; OFFICER ELECTIONS. As soon as practicable, a board member shall give the bond and take the oath of office in accordance with Section 375.067, and the board shall elect officers in accordance with Section 375.068.

Sec. 382.101. COUNTY'S GENERAL POWERS AND DUTIES. (a) A county operating under this chapter has the powers and duties of:

1. a county development district under Chapter 383, except for Section 383.066;

2. a road district created by a county under Section
Article III, Texas Constitution; and

(3) a municipality or county under Chapter 380 or 381, or under Section 372.003(b)(9).

(b) A county is authorized to manage an economic development project in a designated portion of the county, or to create a district and to delegate to a board the county's powers and duties as provided by this chapter.

(c) A county may not delegate to a district the powers and duties of a road district or the power to provide water, wastewater, or drainage facilities under this section unless both the municipality and county consent by resolution.

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Sec. 382.102. DEVELOPMENT AGREEMENTS. A county may enter into a development agreement with an owner of land in the territory designated for an economic development project, or a district may enter into a development agreement, for a term not to exceed 30 years on any terms and conditions the county or the board considers advisable. The parties may amend the agreement.

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Sec. 382.103. ECONOMIC DEVELOPMENT AGREEMENT; ELECTION; TAXES. (a) A county may enter into an agreement, only on terms and conditions the commissioners court and a board consider advisable, to make a grant or loan of public money to promote state or local economic development and to stimulate business and commercial activity in the territory where the economic development project is located, or in the district, including a grant or loan to induce the construction of a tourist destination or attraction in accordance with Chapter 380 or 381.

(b) If authorized by the county, a district may order an election to be held in the district to approve a grant or loan agreement. The grant or loan may be payable over a term of years
and be enforceable on the district under the terms of the agreement and the conditions of the election, which may, subject to the requirements of Section 382.153(c), include the irrevocable obligation to impose an ad valorem tax, sales and use tax, or hotel occupancy tax for a term not to exceed 30 years. If authorized at the election, the board may contract to pay the taxes to the recipient of the grant or loan in accordance with the agreement.

(c) If the property owners petitioning a county to create a district under Section 382.006 propose that the district be created only to provide economic development grants or loans and road improvements and not to impose assessments, and the county determines that the creation of the district is in the best interests of the county, the district is not required to prepare a feasibility report, a service plan or assessment plan, or an assessment roll as required by Subchapter A, Chapter 372.

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Sec. 382.104. CONTRACTS; GENERAL. (a) A district may contract with any person, including the municipality or county, on the terms and conditions and for a period of time the board determines, to:

(1) accomplish any district purpose, including a contract to pay, repay, or reimburse from tax proceeds or another specified source of money any costs, including reasonable interest, incurred by a person on the county's or the district's behalf, including all or part of the costs of an improvement project; and

(2) receive, administer, and perform the county's or the district's duties and obligations under a gift, grant, loan, conveyance, or other financial assistance arrangement relating to the investigation, planning, analysis, study, design, acquisition, construction, improvement, completion, implementation, or operation by the district or another person of an improvement project or proposed improvement project.

(b) A state agency, municipality, county, other political subdivision, corporation, or other person may contract with the
county or district to carry out the purposes of this chapter.
Transferred from Local Government Code, Subchapter C, Chapter 372
and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec.
15.009, eff. September 1, 2009.

Sec. 382.105. PROCUREMENT CONTRACTS. A district may
contract for materials, supplies, and construction:
(1) in accordance with the laws applicable to counties; or
(2) in the same manner that a local government
corporation created pursuant to Chapter 431, Transportation Code,
is authorized to contract.
Transferred from Local Government Code, Subchapter C, Chapter 372
and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec.
15.009, eff. September 1, 2009.

Sec. 382.106. RULES; ENFORCEMENT. A county may authorize
the board to adopt rules:
(1) to administer and operate the district;
(2) for the use, enjoyment, availability, protection,
security, and maintenance of district property, including
facilities; or
(3) to provide for public safety and security in the
district.
Transferred from Local Government Code, Subchapter C, Chapter 372
and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec.
15.009, eff. September 1, 2009.

Sec. 382.107. FEES. A county may authorize a board to
establish, revise, repeal, enforce, collect, and apply the proceeds
from user fees or charges for the enjoyment, sale, rental, or other
use of its facilities or other property, or for services or
improvement projects.
Transferred from Local Government Code, Subchapter C, Chapter 372
and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec.
15.009, eff. September 1, 2009.
Sec. 382.108. RULES; REGULATION OF ROADS AND OTHER PUBLIC AREAS. (a) A county may authorize a board to adopt rules to regulate the private use of public roadways, open spaces, parks, sidewalks, and similar public areas in the district, if the use is for a public purpose.

(b) A rule, order, ordinance, or regulation of a county or municipality that conflicts with a rule adopted under this section controls to the extent of any conflict.

(c) A rule adopted under this section may provide for the safe and orderly use of public roadways, open spaces, parks, sidewalks, and similar public areas in the area of the district or economic development project.

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Sec. 382.109. ROAD PROJECTS. (a) To the extent authorized by Section 52, Article III, Texas Constitution, the county may delegate to the district the authority to construct, acquire, improve, maintain, or operate macadamized, graveled, or paved roads or turnpikes, or improvements in aid of those roads or turnpikes, inside the territory targeted by the county for an economic development project, or the district.

(b) A road project must meet all applicable construction standards, zoning and subdivision requirements, and regulatory ordinances of each municipality in whose corporate limits or extraterritorial jurisdiction the district is located. If the district is located outside the extraterritorial jurisdiction of a municipality, a road project must meet all applicable construction standards, zoning and subdivision requirements, and regulatory ordinances of each county in which the district is located.

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Sec. 382.110. UTILITIES. (a) This chapter does not grant the board any right-of-way management authority over public
utilities.

(b) To the extent the construction, maintenance, or operation of a project under this chapter requires the relocation or extension of a public utility facility, the district shall reimburse the public utility for all costs associated with the relocation, removal, extension, or other adjustment of the facility.

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Sec. 382.111. SERVICE PLAN REQUIRED. The commissioners court of the county that created the district may require a district to prepare an annual service plan, in the manner provided for by Section 372.013, that meets the approval of the commissioners court.

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Sec. 382.112. NO EMINENT DOMAIN. A district may not exercise the power of eminent domain.

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Sec. 382.113. ANNEXATION OR EXCLUSION OF LAND. (a) This section applies only to a district created in a county described by Section 382.002(1).

(b) A district may annex or exclude land from the district as provided by Subchapter J, Chapter 49, Water Code.

(c) Before a district may adopt an order adding or excluding land, the district must obtain the consent of:

(1) the county that created the district by a resolution of the county commissioners court; and

(2) a municipality in whose extraterritorial jurisdiction the district is located by a resolution adopted by the
municipality's governing body.

Added by Acts 2011, 82nd Leg., R.S., Ch. 846 (H.B. 3597), Sec. 2, eff. June 17, 2011.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; TAXES

Sec. 382.151. NO TAX ABATEMENTS. A county may not grant a tax abatement or enter into a tax abatement agreement for a district.

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Sec. 382.152. BONDS; NOTES. (a) A district may not issue bonds unless approved by the commissioners court of the county that created the district. Bonds may not be issued unless approved by a majority of the voters of the district voting in an election held for that purpose. A bond election under this subsection does not affect prior bond issuances and is not required for refunding bond issuances.

(b) A district may not issue a negotiable promissory note or notes unless approved by the commissioners court of the county that created the district.

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

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Sec. 382.153. AUTHORITY TO IMPOSE ASSESSMENTS AND AD VALOREM, SALES AND USE, AND HOTEL OCCUPANCY TAXES; ELECTION. (a) A county or a district may accomplish its purposes and pay the cost of services and improvements by imposing:

(1) an assessment;
an ad valorem tax; 
a sales and use tax; or
a hotel occupancy tax.

(b) A district may impose an ad valorem tax, hotel occupancy
tax, or sales and use tax to accomplish the economic development
purposes prescribed by Section 52a, Article III, Texas
Constitution, if the tax is approved by:

(1) the commissioners court of the county that created
the district; and

(2) a majority of the voters of the district voting at
an election held for that purpose.

(c) A county must adopt an order providing whether a
district has the authority to impose a hotel occupancy tax, sales
and use tax, or ad valorem tax, and must provide the rate at which
the district may impose the tax. A tax rate approved by the
commissioners court and pledged to secure bonds, notes, grant
agreements, or development agreements may not be reduced until the
obligations of those instruments have been satisfied.

Sec. 382.154. USE OF REVENUE FROM TAXES. A tax authorized
by a county to be imposed under this chapter may be used to
accomplish any improvement project or road project, or to provide
any service authorized by this chapter or Chapter 372, 380, 381, or
383.

Sec. 382.155. HOTEL OCCUPANCY TAX. (a) A county may
authorize a district to impose a hotel occupancy tax on a person who
pays for the use or possession of or for the right to the use or
possession of a room that is ordinarily used for sleeping in a hotel
in the district.

(b) If authorized by a county, a district shall impose a
hotel occupancy tax in the same manner as provided by Section 352.107, Tax Code.

(c) The hotel occupancy tax rate is the greater of nine percent or the rate imposed by the municipality.

(d) A hotel occupancy tax imposed by a district in a county described by Section 382.002(1) may be used:

(1) for a purpose described by Chapter 352, Tax Code; or

(2) to encourage the development or operation of a hotel in the district, including an economic development program for or a grant, loan, service, or improvement to a hotel in the district.

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Amended by:
Acts 2011, 82nd Leg., R.S., Ch. 846 (H.B. 3597), Sec. 3, eff. June 17, 2011.

Sec. 382.155. USE OF HOTEL OCCUPANCY TAX FOR ANY PURPOSE.
(a) If authorized by a county, a district may impose a hotel occupancy tax under Section 382.155 and use the revenue from the tax for any purpose authorized by this chapter if the owner of the hotel agrees to the imposition of the tax.

(b) After the owner agrees, the agreement may not be revoked by the owner of the hotel or any subsequent owner of the hotel.

(c) To the extent of a conflict with Section 382.155(d), this section controls.

Added by Acts 2011, 82nd Leg., R.S., Ch. 846 (H.B. 3597), Sec. 4, eff. June 17, 2011.

Sec. 382.156. SALES AND USE TAX. (a) A commissioners court may authorize a district to impose a sales and use tax in increments of one-eighth of one percent up to a rate of two percent.

(b) Except as otherwise provided in this chapter, a sales and use tax must be imposed in accordance with Chapter 383, Local Government Code, or Chapter 323, Tax Code.
(c) The ballot for a sales tax election shall be printed to provide for voting for or against the proposition: "A sales and use tax at a rate not to exceed ____ [insert percentage rate] in the ______________ [insert name of district]" or "The adoption of a ____ [insert percentage rate] sales and use tax in the ______________ [insert name of district]."

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

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Sec. 382.157. AD VALOREM TAX. A commissioners court may authorize a district to impose an ad valorem tax on property in the district in accordance with Chapter 257, Transportation Code.

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Sec. 382.158. BORROWING. The commissioners court may authorize a district to borrow money for any district purpose, including for a development agreement that authorizes the district to borrow money.

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Sec. 382.159. REPAYMENT OF COSTS. The commissioners court may authorize a district, by a lease, lease-purchase agreement, installment purchase contract, or other agreement, or by the imposition or assessment of a tax, user fee, concession, rental, or other revenue or resource of the district, to provide for or secure the payment or repayment of:

(1) the costs and expenses of the establishment, administration, and operation of the district;

(2) the district's costs or share of costs of an
improvement project; or

(3) the district's contractual obligations or indebtedness.

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

SUBCHAPTER E. ANNEXATION BY MUNICIPALITY; TAXES

Sec. 382.201. LIABILITIES; ASSUMPTION OF ASSETS AFTER COMPLETE ANNEXATION BY MUNICIPALITY. (a) If the municipality annexes the entire territory of a district, the municipality shall assume the district's assets, but is not liable for the district's debt or other obligations.

(b) If the county has authorized a district to have debt or other obligations, the district remains in existence after the territory is annexed by the municipality for the purpose of collecting any taxes or assessments authorized by the county and imposed by the district before annexation. Taxes or assessments collected after annexation must be used by the district solely for the purpose of satisfying any preexisting county-authorized district debt or other obligation. After the debt or other obligations have been discharged, or two years have expired since the date of the annexation, the district is dissolved and any outstanding debt or obligations are extinguished.

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.

Sec. 382.202. AUTHORITY TO IMPOSE TAXES OF ASSESSMENTS AFTER PARTIAL OR COMPLETE ANNEXATION. (a) After a district has been annexed by a municipality wholly or partly for general purposes, the county may not authorize the district to impose an ad valorem tax, hotel occupancy tax, or sales and use tax, or collect an assessment in the area that the municipality overlaps the district, except as provided by Subsection (b) or Section 382.201(b).
(b) A district may continue to impose a tax in an area that the municipality annexes for limited purposes and in which the municipality does not impose taxes. If the municipality annexes an area for limited purposes and imposes some of the taxes which the district is imposing but not all of them, the district may continue to impose taxes only to the extent that the level of taxation of the municipality and the district combined, calculating the hotel tax, the sales tax, and the ad valorem tax independently, is equal to or less than the tax level of the municipality as to fully annexed areas.

(c) The legislature intends that the level of taxation of areas where the district and the municipality overlap do not exceed the level of taxation of fully annexed areas.

Transferred from Local Government Code, Subchapter C, Chapter 372 and amended by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.009, eff. September 1, 2009.