

SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 4. DEVELOPMENT AND IMPROVEMENT

SUBTITLE C. DEVELOPMENT, IMPROVEMENT, AND MANAGEMENT

CHAPTER 3795. LIBERTY COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3795.001. DEFINITIONS. In this chapter:

- (1) "Board" means the district's board of directors.
- (2) "City" means the City of Plum Grove, Texas.
- (3) "Commission" means the Texas Commission on Environmental Quality.
- (4) "County" means Liberty County.
- (5) "Director" means a board member.
- (6) "District" means the Liberty County Municipal Management District No. 1.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. 4341), Sec. 1, eff. June 12, 2017.

Sec. 3795.002. CREATION AND NATURE OF DISTRICT. The district is a special district created under Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. 4341), Sec. 1, eff. June 12, 2017.

Sec. 3795.003. PURPOSE; LEGISLATIVE FINDINGS. (a) The creation of the district is essential to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this chapter. By creating the district and in authorizing the city and other political subdivisions to contract with the district, the legislature has established a program to accomplish the public purposes set out in Section 52-a, Article III, Texas Constitution.

(b) The creation of the district is necessary to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public

welfare in the district.

(c) This chapter and the creation of the district may not be interpreted to relieve the city or the county from providing the level of services provided as of the effective date of the Act enacting this chapter to the area in the district. The district is created to supplement and not to supplant city or county services provided in the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.

Sec. 3795.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

(a) The district is created to serve a public use and benefit.

(b) All land and other property included in the district will benefit from the improvements and services to be provided by the district under powers conferred by Sections [52](#) and [52-a](#), Article III, and Section [59](#), Article XVI, Texas Constitution, and other powers granted under this chapter.

(c) The district is created to accomplish the purposes of a municipal management district as provided by general law and Sections [52](#) and [52-a](#), Article III, and Section [59](#), Article XVI, Texas Constitution.

(d) The creation of the district is in the public interest and is essential to further the public purposes of:

(1) developing and diversifying the economy of the state;

(2) eliminating unemployment and underemployment; and

(3) developing or expanding transportation and commerce.

(e) The district will:

(1) promote the health, safety, and general welfare of residents, employers, potential employees, employees, visitors, and consumers in the district, and of the public;

(2) provide needed funding for the district to preserve, maintain, and enhance the economic health and vitality of the district territory as a community and business center; and

(3) promote the health, safety, welfare, and enjoyment of the public by providing pedestrian ways and by landscaping and

developing certain areas in the district, which are necessary for the restoration, preservation, and enhancement of scenic beauty.

(f) Pedestrian ways along or across a street, whether at grade or above or below the surface, and street lighting, street landscaping, parking, and street art objects are parts of and necessary components of a street and are considered to be a street or road improvement.

(g) The district will not act as the agent or instrumentality of any private interest even though the district will benefit many private interests as well as the public.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.

Sec. 3795.005. INITIAL DISTRICT TERRITORY. (a) The district is initially composed of the territory described by Section 2 of the Act enacting this chapter.

(b) The boundaries and field notes contained in Section 2 of the Act enacting this chapter form a closure. A mistake in the field notes or in copying the field notes in the legislative process does not affect the district's:

- (1) organization, existence, or validity;
- (2) right to contract;
- (3) authority to borrow money or issue bonds or other obligations described by Section [3795.205](#) or to pay the principal and interest of the bonds or other obligations;
- (4) right to impose or collect an assessment or collect other revenue; or
- (5) legality or operation.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.

Sec. 3795.006. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICT LAW. Except as provided by this chapter, Chapter [375](#), Local Government Code, applies to the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.

Sec. 3795.007. CONSTRUCTION OF CHAPTER. This chapter shall be liberally construed in conformity with the findings and purposes stated in this chapter.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. 4341), Sec. 1, eff. June 12, 2017.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3795.051. GOVERNING BODY; TERMS. (a) The district is governed by a board of five voting directors who must be qualified under Section 375.063, Local Government Code.

(b) The directors serve staggered terms of four years with two or three directors' terms expiring June 1 of each odd-numbered year.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. 4341), Sec. 1, eff. June 12, 2017.

Sec. 3795.052. APPOINTMENT OF DIRECTORS. The commission shall appoint directors from persons recommended by the board.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. 4341), Sec. 1, eff. June 12, 2017.

Sec. 3795.053. VACANCY. If a vacancy occurs on the board, the remaining directors shall appoint a director for the remainder of the unexpired term.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. 4341), Sec. 1, eff. June 12, 2017.

Sec. 3795.054. COMPENSATION; EXPENSES. (a) The district may compensate each director in an amount not to exceed \$50 for each board meeting. The total amount of compensation a director may receive each year may not exceed \$2,000.

(b) A director is entitled to reimbursement for necessary and reasonable expenses incurred in carrying out the duties and responsibilities of the board.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. 4341), Sec. 1, eff. June 12, 2017.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3795.101. GENERAL POWERS AND DUTIES. The district has the powers and duties necessary to accomplish the purposes for which the district is created.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. 4341), Sec. 1, eff. June 12, 2017.

Sec. 3795.102. IMPROVEMENT PROJECTS AND SERVICES. The district may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service authorized under this chapter or Chapter 375, Local Government Code, using any money available to the district, or contract with a governmental or private entity to provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service authorized under this chapter or Chapter 375, Local Government Code.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. 4341), Sec. 1, eff. June 12, 2017.

Sec. 3795.103. ECONOMIC DEVELOPMENT. (a) The district may engage in activities that accomplish the economic development purposes of the district.

(b) The district may establish and provide for the administration of one or more programs to promote state or local economic development and to stimulate business and commercial activity in the district, including programs to:

- (1) make loans and grants of public money; and
- (2) provide district personnel and services.

(c) The district may create economic development programs and exercise the economic development powers provided to municipalities by:

- (1) Chapter 380, Local Government Code; and
- (2) Subchapter A, Chapter 1509, Government Code.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. 4341), Sec. 1, eff. June 12, 2017.

Sec. 3795.104. FIREFIGHTING SERVICES. Notwithstanding Section 49.351(a), Water Code, the district may, as authorized by Section 59(f), Article XVI, Texas Constitution, and Section 49.351, Water Code:

(1) establish, operate, and maintain a fire department;

(2) contract with another political subdivision for the joint operation of a fire department; or

(3) contract with any other person to perform firefighting services in the district and may issue bonds and impose taxes to pay for the department and the activities.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. 4341), Sec. 1, eff. June 12, 2017.

Sec. 3795.105. FEES AND CHARGES. (a) The district may adopt and enforce all necessary charges, mandatory fees, or rentals, in addition to taxes, for providing or making available any district facility or service, including firefighting activities provided under Section 3795.104.

(b) To enforce payment of an unpaid fee or charge due to the district, on the request of the district, a retail public utility, as defined by Section 13.002, Water Code, providing water or sewer service to a customer in the district shall terminate the service.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. 4341), Sec. 1, eff. June 12, 2017.

Sec. 3795.106. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. 4341), Sec. 1, eff. June 12, 2017.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 3795.151. DISBURSEMENTS AND TRANSFERS OF MONEY. The board by resolution shall establish the number of signatures and the procedure required for a disbursement or transfer of the

district's money.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.

Sec. 3795.152. MONEY USED FOR IMPROVEMENTS OR SERVICES. The district may acquire, construct, finance, operate, or maintain an improvement project or service authorized under this chapter or Chapter [375](#), Local Government Code, using any money available to the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.

Sec. 3795.153. PETITION REQUIRED FOR FINANCING SERVICES AND IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a service or improvement project with assessments under this chapter unless a written petition requesting that service or improvement has been filed with the board.

(b) A petition filed under Subsection (a) must be signed by the owners of a majority of the assessed value of real property in the district subject to assessment according to the most recent certified tax appraisal roll for the county.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.

Sec. 3795.154. METHOD OF NOTICE OF HEARING. The district may mail the notice required by Section [375.115\(c\)](#), Local Government Code, by certified or first class United States mail. The board shall determine the method of mailing notice.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.

Sec. 3795.155. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a) The board by resolution may impose and collect an assessment for any purpose authorized by this chapter in all or any part of the district.

(b) An assessment, a reassessment, or an assessment resulting from an addition to or correction of the assessment roll

by the district, penalties and interest on an assessment or reassessment, an expense of collection, and reasonable attorney's fees incurred by the district:

(1) are a first and prior lien against the property assessed;

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

(3) are the personal liability of and a charge against the owners of the property even if the owners are not named in the assessment proceedings.

(c) The lien is effective from the date of the board's resolution imposing the assessment until the date the assessment is paid. The board may enforce the lien in the same manner that the board may enforce an ad valorem tax lien against real property.

(d) The board may make a correction to or deletion from the assessment roll that does not increase the amount of assessment of any parcel of land without providing notice and holding a hearing in the manner required for additional assessments.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.

SUBCHAPTER E. TAXES AND BONDS

Sec. 3795.201. ELECTIONS REGARDING TAXES AND BONDS. (a) The district may issue, without an election, bonds, notes, and other obligations secured by revenue other than ad valorem taxes.

(b) The district must hold an election in the manner provided by Subchapter [L](#), Chapter [375](#), Local Government Code, to obtain voter approval before the district may impose an ad valorem tax or issue bonds payable from ad valorem taxes.

(c) The district may not issue bonds payable from ad valorem taxes to finance a road project unless the issuance is approved by a vote of a two-thirds majority of the district voters voting at an election held for that purpose.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.

Sec. 3795.202. AGREEMENT REQUIRED FOR BONDS. Before the district may issue bonds, the district must enter into an agreement with a developer of land in the district, the Cleveland Independent School District, and Liberty County for the transfer of land for use as the sites of facilities for the school district and for emergency services.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. 4341), Sec. 1, eff. June 12, 2017.

Sec. 3795.203. OPERATION AND MAINTENANCE TAX. (a) If authorized by a majority of the district voters voting at an election held in accordance with Section 3795.201, the district may impose an operation and maintenance tax on taxable property in the district in accordance with Section 49.107, Water Code, for operation and maintenance purposes, including for:

- (1) maintaining and operating the district;
- (2) planning, constructing, acquiring, maintaining, repairing, and operating all improvement projects, including land, plants, works, facilities, improvements, appliances, and equipment of the district; or
- (3) paying costs of services, engineering and legal fees, and organization and administrative expenses.

(b) The board shall determine the tax rate. The rate may not exceed the rate approved at the election.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. 4341), Sec. 1, eff. June 12, 2017.

Sec. 3795.204. SALES AND USE TAX. (a) The district may impose a sales and use tax if authorized by a majority of the voters of the district voting at an election called for that purpose. Revenue from the tax may be used for any purpose for which ad valorem tax revenue of the district may be used.

(b) The district may not adopt a sales and use tax if as a result of the adoption of the tax the combined rate of all sales and use taxes imposed by the district and other political subdivisions of this state having territory in the district would exceed two

percent at any location in the district.

(c) If the voters of the district approve the adoption of a sales and use tax at an election held on the same election date on which another political subdivision adopts a sales and use tax or approves an increase in the rate of its sales and use tax and as a result the combined rate of all sales and use taxes imposed by the district and other political subdivisions of this state having territory in the district would exceed two percent at any location in the district, the election to adopt a sales and use tax under this chapter has no effect.

(d) Chapter [321](#), Tax Code, applies to the imposition, computation, administration, enforcement, and collection of the sales and use tax imposed by this section except to the extent it is inconsistent with this chapter.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.

Sec. 3795.205. AUTHORITY TO BORROW MONEY AND TO ISSUE BONDS AND OTHER OBLIGATIONS. (a) The district may borrow money on terms determined by the board.

(b) The district may issue bonds, notes, or other obligations payable wholly or partly from ad valorem taxes, assessments, impact fees, revenue, contract payments, grants, or other district money, or any combination of those sources of money, to pay for any authorized district purpose.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.

Sec. 3795.206. TAXES FOR BONDS. At the time the district issues bonds payable wholly or partly from ad valorem taxes, the board shall provide for the annual imposition of a continuing direct annual ad valorem tax, without limit as to rate or amount, for each year that all or part of the bonds are outstanding as required and in the manner provided by Sections [54.601](#) and [54.602](#), Water Code.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.

Sec. 3795.207. BONDS FOR ROAD PROJECTS. At the time of issuance, the total principal amount of bonds or other obligations issued or incurred to finance road projects and payable from ad valorem taxes may not exceed one-fourth of the assessed value of the real property in the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.

SUBCHAPTER Z. SPECIAL BOND PROVISIONS

Sec. 3795.901. APPLICABILITY. This subchapter applies only to bonds payable wholly or partly from revenue derived from assessments on real property in the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.

Sec. 3795.902. CONFLICT OF LAWS. In the event of a conflict between this subchapter and any other law, this subchapter prevails.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.

Sec. 3795.903. WRITTEN AGREEMENT REGARDING SPECIAL APPRAISALS. Before the district may issue bonds, the district and any person to whom the board intends that proceeds of the bonds be distributed, including a developer of or owner of land in the district and any entity acting as a lender to a developer of or owner of land in the district for the purpose of a project relating to the district, must enter into a written agreement that:

(1) waives for the term of the agreement the right to a special appraisal with respect to taxation by the district under Subchapters B, C, D, E, F, and H, Chapter [23](#), Tax Code; and

(2) remains in effect for 30 years and is binding on the parties, on entities related to or affiliated with the parties, and on their successors and assignees.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1,

eff. June 12, 2017.

Sec. 3795.904. REQUIREMENTS FOR ADVERTISING BOND ISSUE. The district may not advertise for an issuance of bonds until the completion of at least 25 percent of the projected value of the improvements, including houses and other buildings, that are liable for district assessments and necessary to support the district bonds.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.

Sec. 3795.905. REQUIREMENTS FOR BOND ISSUE. The district may not issue bonds until:

(1) the district submits to the commission:

(A) an engineer's report describing the project for which the bonds will provide funding, including data, profiles, maps, plans, and specifications related to the project; and

(B) a cash flow analysis to determine the projected rate of assessment, which includes the following assumptions:

(i) each ending balance for debt service in the analysis is not less than 25 percent of the following year's debt service requirement;

(ii) interest income is only shown on the ending balance for debt service for the first two years; and

(iii) the projected rate of assessment is level or decreasing for the life of the bonds issued by the district;

(2) the completion of at least 75 percent of the projected value of the improvements, including houses and other buildings, that are liable for district assessments and necessary to support the district bonds; and

(3) the district has obtained an independent market study from a firm recognized in the area of real estate market analysis supporting the development projects for the real property that is liable for district assessments and necessary to support the district bonds.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.

Sec. 3795.906. REQUIREMENTS FOR COLLECTION OF REVENUE TO PAY BONDS. The district may not collect an assessment to be used for the payment of bonds until:

(1) the completion of at least 95 percent of the underground water, wastewater, and drainage facilities financed from bond proceeds that are necessary to serve the projected build-out, as certified by the district's engineer;

(2) the district or other appropriate party has secured the groundwater, surface water, and water discharge permits that are necessary to secure capacity to support the projected build-out;

(3) the completion of at least 95 percent of lift station, water plant, and sewage treatment plant capacity sufficient to serve the connections constructed in the project for a period of not less than 18 months, as certified by the district's engineer; and

(4) the completion of at least 95 percent of the streets and roads that are necessary to provide access to the areas served by utilities and financed by the proceeds of bonds issued by the district, as certified by the district's engineer and constructed in accordance with city or county standards.

Added by Acts 2017, 85th Leg., R.S., Ch. 643 (H.B. [4341](#)), Sec. 1, eff. June 12, 2017.