

SPECIAL DISTRICT LOCAL LAWS CODE
TITLE 4. DEVELOPMENT AND IMPROVEMENT
SUBTITLE C. DEVELOPMENT, IMPROVEMENT, AND MANAGEMENT
CHAPTER 3846. EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3846.001. DEFINITIONS. In this chapter:

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

(1-a) "Community venue project" or "venue project" means a venue and related infrastructure that is planned, acquired, established, developed, constructed, or renovated under this chapter.

(1-b) "Development zone" means an economic development zone created by the district under Subchapter F.

(2) "District" means the East Montgomery County Improvement District.

(3) "Venue" means:

(A) an arena, coliseum, stadium, or other type of area or facility:

(i) that is used or is planned for use for one or more professional or amateur sports events, community events, or other sports events, including rodeos, livestock shows, agricultural expositions, promotional events, and other civic or charitable events; and

(ii) for which a fee for admission to the events is charged or is planned to be charged; or

(B) a convention center facility or related improvement such as a convention center, civic center, civic center building, civic center hotel, auditorium, theater, opera house, music hall, exhibition hall, rehearsal hall, park, zoological park, museum, aquarium, tourist development area along an inland waterway, or plaza.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.03, eff. April 1, 2009.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. [1969](#)), Sec. 21.028,

eff. September 1, 2009.

Acts 2009, 81st Leg., R.S., Ch. 1247 (S.B. [2453](#)), Sec. 1(b),
eff. September 1, 2009.

Acts 2011, 82nd Leg., R.S., Ch. 717 (H.B. [737](#)), Sec. 1, eff.
June 17, 2011.

Sec. 3846.002. EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT.
A special district known as the "East Montgomery County Improvement
District" is a governmental agency and political subdivision of
this state.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.03,
eff. April 1, 2009.

Sec. 3846.003. PURPOSE; DECLARATION OF INTENT. (a) The
creation of the district is essential to accomplish the purposes
of Section [52](#), Article III, and Section [59](#), Article XVI, Texas
Constitution, and other public purposes stated in this chapter.

(b) The creation of the district is necessary to promote,
develop, encourage, and maintain employment, commerce, economic
development, and the public welfare in the eastern area of
Montgomery County.

(c) This chapter does not relieve Montgomery County or a
governmental agency, political subdivision, or municipality from
providing the level of services provided by the entity as of August
31, 1997, to the area of the district or to release the entity from
the obligations each entity has to provide services to that
area. The district is created to supplement and not to supplant
the county, governmental agency, political subdivision, or
municipal services provided in the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.03,
eff. April 1, 2009.

Sec. 3846.004. 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 works, projects, improvements, and services
to be provided by the district under powers granted by Section [52](#),

Article III, and Section 59, Article XVI, Texas Constitution, and other powers granted under this chapter.

(c) Each improvement project authorized by this chapter is essential to carry out a public purpose.

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

(1) further the public purposes of developing and diversifying the economy of the state;

(2) eliminate unemployment and underemployment; and

(3) develop or expand transportation and commerce.

(e) The district will:

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

(2) promote and develop public transportation and pedestrian facilities and systems by new and alternative means, including securing expanded and improved transportation and pedestrian facilities and systems;

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

(4) promote the health, safety, welfare, education, convenience, and enjoyment of the public by:

(A) improving, landscaping, and developing certain areas in and adjacent to the district; and

(B) providing public services and facilities in and adjacent to the district that are necessary for the restoration, preservation, enhancement, and enjoyment of scenic and aesthetic beauty.

(f) 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 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.005. DISTRICT TERRITORY. Except as the board may modify the territory of the district under Subchapter J, Chapter

49, Water Code, or other law, the territory of the district is coextensive with the territory as of January 1, 1997, of the New Caney Independent School District and the Splendora Independent School District except that the district does not include:

(1) any part of the City of Houston as it existed on January 1, 1997; and

(2) any portion of the New Caney Independent School District as it exists on or after September 1, 2001, that is located in Harris County.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.006. TORT LIABILITY. The district is a governmental unit for purposes of Chapter 101, Civil Practice and Remedies Code, and operations of the district are considered for all purposes, including the application of that chapter, to be essential governmental functions and not proprietary functions.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3846.051. COMPOSITION OF BOARD; TERMS. (a) The district is governed by a board of eight directors.

(b) Directors serve staggered terms of four years, with four directors' terms expiring July 1 of each even-numbered year.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.052. ELECTION OF DIRECTORS. An election to elect the appropriate number of directors shall be held on the uniform election date in May of each even-numbered year as provided by Section 41.001(a), Election Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.053. QUALIFICATIONS OF DIRECTOR. (a) To be

qualified to serve as a director, a person must be at least 18 years old and:

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

(b) For purposes of this section, a person or entity that owns an interest in a general or limited partnership owning real property in the district or that has a lease of real property in the district with a remaining term of 10 years or more, excluding options, is considered to be an owner of real property.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.054. PARTICIPATION IN VOTING. Regardless of a statute to the contrary, a person who qualifies to serve on the board is qualified to serve as a director and participate in all votes pertaining to the business of the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.055. LAW GOVERNING ADMINISTRATION OF BOARD. Sections [375.066](#), [375.067](#), [375.069](#), and [375.070](#), Local Government Code, apply to the board as if the board were established under Chapter [375](#), Local Government Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.056. OFFICERS. After the directors have been elected and have qualified as provided by Section [375.067](#), Local Government Code, they shall organize or reorganize by electing a chair, a vice chair, a secretary, and other officers of the board as the board considers necessary.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3846.101. GENERAL POWERS OF DISTRICT. The district has:

(1) all powers necessary or required to accomplish the purposes for which the district was created;

(2) the rights, powers, privileges, and other functions of a municipal management district under Subchapter E, Chapter 375, Local Government Code; and

(3) the powers given to an industrial development corporation organized under the Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes).

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.102. RULES. The district may adopt rules for:

(1) the administration and operation of the district;

(2) the use, enjoyment, availability, protection, security, and maintenance of the district's property, including facilities; and

(3) the provision of public safety and security in the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.103. SPECIFIC POWERS RELATING TO IMPROVEMENT PROJECTS OR SERVICES. (a) The district may undertake an improvement project separately or jointly with another person and pay all or part of the costs of improvement projects, including an improvement project that:

(1) improves, enhances, or supports public safety and security, fire protection, emergency medical services, or law enforcement in the district;

(2) confers a general benefit on the entire district

and the areas adjacent to the district; or

(3) confers a special benefit on all or part of the district.

(b) A district improvement project or service may include:

(1) the construction, acquisition, lease, rental, installment purchase, improvement, rehabilitation, repair, relocation, and operation of:

(A) landscaping; lighting, banners, or signs; streets or sidewalks, pedestrian or bicycle paths and trails; pedestrian walkways, skywalks, crosswalks, or tunnels; highway right-of-way or transit corridor beautification and improvements;

(B) drainage or storm water detention improvements and solid waste, water, sewer, or power facilities and services, including electrical, gas, steam, and chilled water facilities and services;

(C) parks, lakes, gardens, recreational facilities, open space, scenic areas, and related exhibits and preserves; fountains, plazas, or pedestrian malls; public art or sculpture and related exhibits and facilities; educational or cultural exhibits and facilities; exhibits, displays, attractions, or facilities for special events, holidays, or seasonal or cultural celebrations;

(D) off-street parking facilities, bus terminals, heliports, mass-transit, or roadway-borne or water-borne transportation systems; and

(E) other public improvements, facilities, or services similar to the improvements, facilities, or services described by Paragraphs (A)-(D);

(2) the cost of removal, razing, demolition, or clearing of land or improvements in connection with providing an improvement project;

(3) the acquisition of property or an interest in the property that is made in connection with an authorized improvement project; and

(4) the provision of special or supplemental services to improve or promote the area in the district or to protect the public health and safety in the district, including advertising,

promotion, tourism, health and sanitation, public safety, security, fire protection or emergency medical services, business recruitment, development, elimination of traffic congestion, and recreational, educational, or cultural improvements, enhancements, or services.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.104. CONTRACTS; GRANTS; DONATIONS. (a) The district may contract with any person, including a municipality, county, other political subdivision, or corporation, to accomplish the purposes of this chapter on terms and for the period the board determines, including contracting for the payment, repayment, or reimbursement of costs incurred by the person on behalf of the district, including all or part of the costs of an improvement project, from tax proceeds or any other specified source of money.

(b) The district may make application for and contract with a person to receive, administer, and perform the district's duties under a federal, state, local, or private gift, grant, loan, conveyance, transfer, bequest, donation, or other financial arrangement relating to the investigation, planning, analysis, acquisition, construction, completion, implementation, or operation of a proposed or existing improvement project.

(c) A state agency, municipality, county, other political subdivision, corporation, individual, or other person may contract with the district to carry out the purposes of this chapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.105. PEACE OFFICERS. The district may not employ peace officers, but may contract with off-duty peace officers to provide public safety and security services:

(1) in connection with a special event, holiday, period with high traffic congestion, or similar circumstance; and

(2) at district property, including facilities.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.106. ECONOMIC DEVELOPMENT PROGRAMS. The district has the economic development powers granted a home-rule municipality with a population of more than 100,000 under Chapter 380, Local Government Code, and Subchapter A, Chapter 1509, Government Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.107. ANNEXATION OR EXCLUSION OF TERRITORY. (a) The district may add or exclude territory in the manner provided by Subchapter J, Chapter 49, Water Code.

(b) Not later than the 10th day after the date on which the district annexes or excludes territory, the board shall send to the comptroller a certified copy of any resolution, order, or ordinance relating to the annexation or exclusion.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.108. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

SUBCHAPTER D. SALES AND USE TAX; GENERAL FINANCIAL PROVISIONS

Sec. 3846.151. SALES AND USE TAX; EXCISE TAX. (a) For purposes of this section:

(1) "Taxable items" includes all items that could be subject to a sales and use tax imposed by Montgomery County.

(2) "Use," with respect to a taxable service, means the derivation in the district of direct or indirect benefit from the service.

(b) The district may impose a sales and use tax if authorized by a majority of the district voters voting at an election held for that purpose.

(c) If the district adopts a sales and use tax:

(1) a tax is imposed on the receipts from the sale at retail of taxable items in the district; and

(2) an excise tax is imposed on the use, storage, or other consumption in the district of taxable items purchased, leased, or rented from a retailer during the period that the tax is effective in the district.

(d) The rate of the excise tax is the same as the rate of the sales tax portion of the tax applied to the sales price of the taxable items and is included in the sales tax.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.152. TAX ELECTION PROCEDURES. (a) Except as provided by Subsection (b), the board may order an election to adopt, change the rate of, or abolish a sales and use tax. The election may be held at the same time and in conjunction with a directors' election.

(b) The board may not call an election to abolish a sales and use tax or to reduce the rate of the sales and use tax below the amount pledged to secure payment of any outstanding district debt or contractual obligation while any district debt or contractual obligation remains outstanding.

(c) Notice of the election shall be given and the election shall be held in the manner prescribed for bond elections under Subchapter D, Chapter 49, Water Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.030, eff. September 1, 2009.

Sec. 3846.153. BALLOT WORDING. (a) In an election to adopt the tax, the ballot shall be prepared to permit voting for or against the proposition: "The adoption of a local sales and use tax in the East Montgomery County Improvement District at the rate of (proposed tax rate)."

(b) In an election to change the rate of the sales and use

tax, the ballot shall be prepared to permit voting for or against the proposition: "The (increase or decrease, as applicable) in the rate of the local sales and use tax imposed in the East Montgomery County Improvement District from (tax rate on election date) percent to (proposed tax rate) percent."

(c) In an election to abolish the sales and use tax, the ballot shall be prepared to permit voting for or against the proposition: "The abolition of the local sales and use tax in the East Montgomery County Improvement District."

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.154. IMPOSITION, COMPUTATION, ADMINISTRATION, AND GOVERNANCE OF TAXES. (a) Chapter 323, Tax Code, to the extent not inconsistent with this chapter, governs the application, collection, and administration of the sales and use tax and the excise tax, except that Sections 323.401-323.406, and 323.505, Tax Code, do not apply. Subtitles A and B, Title 2, and Chapter 151, Tax Code, govern the administration and enforcement of the sales and use tax and the excise tax.

(b) Chapter 323, Tax Code, does not apply to the use and allocation of revenue under this chapter.

(c) In applying Chapter 323, Tax Code:

(1) a reference in that chapter to "the county" means the district; and

(2) a reference in that chapter to the "commissioners court" means the board.

(d) The district is entitled to examine and receive information related to the imposition and collection of sales and use taxes to the same extent as if the district were a municipality under Subchapter D, Chapter 321, Tax Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.155. TAX RATES. (a) The district may impose the sales and use tax in increments of one-eighth of one percent, with a minimum tax of one-half percent and a maximum tax of two percent.

(b) The district may not impose a sales and use tax of greater than one percent unless the voters of the district have approved the imposition of a rate of one percent or less in addition to the existing one percent rate at an election called for that purpose and conducted generally in the manner provided by Section [3846.152](#).

(c) Repealed by Acts 2011, 82nd Leg., R.S., Ch. 717, Sec. 2, eff. June 17, 2011.

(d) If as a result of the imposition or increase in a sales and use tax by the district as provided under this section or Section [3846.152](#), the overlapping local sales and use taxes in a municipality or political subdivision located in the boundaries of the district will exceed two percent, the municipality's or political subdivision's sales and use tax is automatically reduced in that municipality or political subdivision to a rate that, when added to the district's rate, does not exceed two percent.

(e) If the tax rate of a municipality or political subdivision is reduced in accordance with Subsection (d), the comptroller shall withhold from the district's monthly sales and use tax allocation an amount equal to the amount that would have been collected by the municipality or political subdivision had the district not imposed or increased its sales and use tax less amounts that the municipality or political subdivision collects following the district's imposition of or increase in its sales and use tax. The comptroller shall withhold and pay the amount withheld to the municipality or political subdivision under policies or procedures that the comptroller considers reasonable.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.03, eff. April 1, 2009.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1247 (S.B. [2453](#)), Sec. 3, eff. September 1, 2009.

Acts 2011, 82nd Leg., R.S., Ch. 717 (H.B. [737](#)), Sec. 2, eff. June 17, 2011.

Sec. 3846.156. ABOLITION OF LOCAL SALES AND USE TAX. (a) Except as provided by Subsection (b), the board by order may abolish

the local sales and use tax rate without an election.

(b) The board may not abolish the local sales and use tax while any district debt or contractual obligation remains outstanding if any sales and use tax revenue is pledged to secure payment of the outstanding debt or obligation.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.031, eff. September 1, 2009.

Sec. 3846.157. USE OF TAX. The district may use the proceeds from a tax collected under this chapter only for the purposes for which the district was created.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.158. EFFECTIVE DATE OF SALES AND USE TAX OR TAX CHANGE. The adoption of a sales and use tax rate or a change in the sales and use tax rate takes effect after the expiration of the first complete calendar quarter occurring after the date on which the comptroller receives a notice of the results of the election.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.032, eff. September 1, 2009.

Sec. 3846.1585. GENERAL AUTHORITY TO IMPOSE TAXES. The district may impose for any district purpose any tax authorized by this chapter.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.033, eff. September 1, 2009.

Sec. 3846.159. AD VALOREM TAX PROHIBITED; EXCEPTION. Except as provided by Subchapter F, the district may not impose an ad valorem tax on property in the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.03, eff. April 1, 2009.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. [1969](#)), Sec. 21.034, eff. September 1, 2009.

Sec. 3846.160. FEES; CHARGES. The district may:

(1) establish and collect only at the district's facilities user fees, concession fees, admission fees, rental fees, or other similar fees or charges; and

(2) apply the proceeds from those fees or charges for the enjoyment, sale, rental, or other use of the district's facilities or other property, services, or improvement projects.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.161. CERTAIN RESIDENTIAL PROPERTY EXEMPT. The district may not impose an impact fee or assessment on a single-family residential property or a residential duplex, triplex, fourplex, or condominium.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.162. BORROWING MONEY. The district may borrow money for the corporate purposes of the district and may issue bonds as authorized by Section [3846.164](#) for any district purpose, including for the purpose of an economic development program under Section [3846.106](#).

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.03, eff. April 1, 2009.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1247 (S.B. [2453](#)), Sec. 4, eff. September 1, 2009.

Sec. 3846.163. PAYMENT OF EXPENSES. The district may provide or secure the payment or repayment of:

(1) an expense of the establishment, administration,

or operation of the district;

(2) a district cost relating to an improvement project;

(3) a district contractual obligation or indebtedness, because of a lease, installment purchase contract, or other agreement; or

(4) a tax, user fee, concession fee, rental fee, or other revenue or resources of the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.164. BONDS. (a) The board may issue bonds as provided by Subchapter J, Chapter 375, Local Government Code.

(b) In addition to the sources described in Subchapter J, Chapter 375, Local Government Code, bonds issued by the district may be secured and made payable, wholly or partly, by a pledge of all or part of the net proceeds the district receives from:

(1) a specified portion of not more than 75 percent of the maximum sales and use tax amount authorized under Section 3846.152;

(2) a specified portion of not more than 90 percent of the maximum sales and use tax imposed by a development zone;

(3) an ad valorem tax imposed by a development zone;

(4) a hotel occupancy tax;

(5) an event admissions tax;

(6) an event parking tax; and

(7) any other district revenue.

(c) Sections 375.207 and 375.208, Local Government Code, do not apply to bonds issued under this section.

(d) To the extent consistent with the documents authorizing the issuance of the district's bonds, the proceeds of bonds remaining after the payment of the cost of issuing the bonds and all costs associated with the projects for which the bonds were sold may be spent by the district for any lawful purpose or for any project the district is authorized to undertake.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.03, eff. April 1, 2009.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. [1969](#)), Sec. 21.035, eff. September 1, 2009.

SUBCHAPTER E. DISSOLUTION

Sec. 3846.201. DISSOLUTION BY BOARD ORDER. The board by order may dissolve the district at any time unless the district has outstanding indebtedness or contractual obligations.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.03, eff. April 1, 2009.

Sec. 3846.202. ADMINISTRATION OF DISTRICT PROPERTY FOLLOWING DISSOLUTION. (a) After the date the board orders the dissolution of the district, the board shall transfer ownership of all property and assets of the district to Montgomery County, except as provided by Subsection (b).

(b) If, on the date on which the board orders the dissolution of the district, more than 50 percent of the territory in the district is in the corporate limits of a municipality, the board shall transfer ownership of the district's property and assets to the municipality.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.03, eff. April 1, 2009.

SUBCHAPTER F. ECONOMIC DEVELOPMENT ZONES

Sec. 3846.251. DEFINITIONS. In this subchapter:

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

(2) "Project" means the development or construction of a building, structure, facility, or other improvement on a parcel or tract in a development zone, or an expansion, enlargement, replacement, or relocation of a building, structure, facility, or other improvement in a development zone. The term includes a contractual obligation to reimburse a developer for money spent by the developer in the construction, development, expansion,

enlargement, replacement, or relocation of a building, structure, facility, or other improvement in a development zone.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.036, eff. September 1, 2009.

Sec. 3846.252. NATURE OF DEVELOPMENT ZONE. A development zone is a political and corporate body and a political subdivision of the state, separate from the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.036, eff. September 1, 2009.

Sec. 3846.253. DEVELOPMENT ZONES AUTHORIZED. The board, on its own motion or on receipt of a petition signed by the owners of all real property in a defined area of the district consisting of one tract of land containing at least 25 contiguous acres and any additional smaller or larger tracts, as appropriate, by resolution may create, designate, describe, assign a name to, and appoint the governing body for a development zone in the district to promote development or redevelopment of the area, if the board finds that the creation of the zone will further the public purposes of:

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

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

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

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

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.036, eff. September 1, 2009.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1247 (S.B. 2453), Sec. 5(b), eff. September 1, 2009.

Sec. 3846.254. PRELIMINARY FINANCING PLAN REQUIRED. Before designating a development zone, the board must prepare a preliminary financing plan for the zone that includes:

(1) estimated project costs, including administrative expenses;

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

(3) the estimated amount of:

(A) bonded indebtedness to be incurred; or

(B) the financial obligation of any other contractual obligation to be incurred;

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

(5) the projected duration of the zone.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.036, eff. September 1, 2009.

Sec. 3846.255. RESTRICTION ON DEVELOPMENT ZONE IN RESIDENTIAL AREA. A development zone may not be created if more than 10 percent of the property in the proposed zone, other than property that is publicly owned, is used or planned for use for residential purposes. For purposes of this section, property is used for residential purposes if the property is occupied by a house that has fewer than five living units.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.036, eff. September 1, 2009.

Sec. 3846.256. RESOLUTION REQUIRED. The resolution designating an area as a development zone must:

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

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

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

(4) assign a number to the name of the zone, which must be "East Montgomery County Improvement District Economic Development Zone No. ____";

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

(6) provide the number of directors of the governing

body of the zone, which must be at least five; and

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

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.036, eff. September 1, 2009.

Sec. 3846.257. CONFIRMATION ELECTION REQUIRED. Upon approval by the board of a resolution designating an area as a development zone, the district shall call a confirmation election to confirm the establishment of the zone in the manner prescribed by Section 49.102, Water Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.036, eff. September 1, 2009.

Sec. 3846.258. DEVELOPMENT ZONE GOVERNING BODY. (a) A member of the governing body who is not a district director shall be appointed for a term of two years, except that the appointment of the initial members of the governing body may provide for some terms to be limited to one year in order to achieve staggered terms of office. A member who is also a district director shall serve a term concurrent with the director's term on the district board.

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

(c) A member of a governing body must be at least 18 years of age, a citizen of the state, and a person described by Section 3846.053(b).

(d) A member of the board of directors of the district may be appointed to the governing body.

(e) Each member must qualify for office by subscribing to the constitutional oath of office for public officers and furnishing a fidelity bond issued by a responsible surety in the amount of \$10,000 in favor of the development zone to secure faithful performance of the member's duties.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.036, eff. September 1, 2009.

Sec. 3846.259. ORGANIZATIONAL MEETING OF DEVELOPMENT ZONE GOVERNING BODY; OFFICERS. (a) Following appointment and qualification, the governing body of the development zone shall meet and organize by electing a president, a vice president, a secretary-treasurer, and other officers the governing body considers appropriate.

(b) If the governing body of the development zone is composed entirely of directors of the district, each director of the development zone holds the same office the director holds as a director of the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.036, eff. September 1, 2009.

Sec. 3846.260. DEVELOPMENT ZONE BOUNDARIES. The boundaries of a development zone may be reduced or enlarged in the manner provided by this subchapter for creation of a zone, except that the boundaries may not be reduced to less than 25 contiguous acres. A development zone may be enlarged to include noncontiguous tracts only if on the date the zone is enlarged the zone contains at least one tract consisting of at least 25 contiguous acres. A confirmation election is not required for an enlargement if:

(1) all landowners of the area proposed to be added consent to the enlargement and the tax authorization in the zone; and

(2) the enlarged area does not have any registered voters who reside in the area.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.036, eff. September 1, 2009.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1247 (S.B. 2453), Sec. 5(b), eff. September 1, 2009.

Sec. 3846.261. PROJECT PLAN AND DEVELOPMENT ZONE FINANCING PLAN REQUIRED. Subject to approval by resolution of the district board, the governing body shall prepare and adopt, and may amend, a project plan and a development zone financing plan for the development zone.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.036, eff. September 1, 2009.

Sec. 3846.262. FINANCING AND IMPLEMENTATION OF DEVELOPMENT ZONE PROJECT PLAN. The governing body of a development zone may exercise, or by order may delegate to the district, any powers and duties relating to the financing and implementation of the project plan for the zone, including the power and authority to:

(1) issue bonds or notes in the name of the zone in the same manner as Chapter 375, Local Government Code, provides for a municipal management district;

(2) impose an ad valorem tax, assessment, or other charge in the zone, in the same manner as Chapter 375, Local Government Code, provides for a municipal management district, and as authorized by Section 3846.265 if the ad valorem tax has been approved by the voters in the development zone at an election held for that purpose; and

(3) impose a sales and use tax, as authorized by Section 3846.264, if the sales and use tax has been approved by the voters in the development zone at an election held for that purpose. Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.036, eff. September 1, 2009.

Sec. 3846.263. AGREEMENTS TO IMPLEMENT PLANS. (a) The board and the governing body each may enter into any agreement considered necessary or convenient to implement a project plan and development zone financing plan and achieve their purposes.

(b) An agreement may provide for the regulation or restriction of the use of land by imposing conditions, restrictions, or covenants that run with the land.

(c) An agreement may provide that a restriction adopted by the governing body continues in effect after the termination of the development zone.

(d) The district and the development zone may agree that the district will provide administration, management, investment, accounting, and other services for the zone in consideration for an administrative fee not to exceed five percent of the gross revenue

of the development zone and for the benefits received by the district through the implementation of the project plan for the zone. The district may pledge all or part of the proceeds of its sales and use tax to secure and pay any bonds or other financial obligations of a development zone on approval of the board subject to Section [3846.164](#).

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. [1969](#)), Sec. 21.036, eff. September 1, 2009.

Sec. 3846.264. DEVELOPMENT ZONE SALES AND USE TAX. (a) If approved at an election by a majority of the voters in the development zone voting in an election held for that purpose, the governing body may adopt or repeal a sales and use tax of not more than two percent less the amount of the sales and use tax approved by the district voters under Section [3846.151](#).

(b) An election on the adoption or repeal of the maximum rate of sales and use tax may be held by the governing body as provided by Section [3846.152](#) as applied to a development zone.

(c) An election to adopt the sales and use tax authorized by this section may be held in conjunction with the confirmation election described by Section [3846.257](#).

(d) After adoption at an election, the governing body may impose any portion of the sales and use tax, in increments of not less than one-eighth of one percent, for the benefit of the zone, by order of the governing body.

(e) The sales and use tax is in addition to the limited sales and use tax authorized and imposed by the district under Section [3846.151](#).

(f) If a political subdivision, including a municipality, imposes a sales and use tax in the development zone, the sales and use tax authorized by this section is reduced as of the date the development zone authorized the sales and use tax so that the combined total of all local sales and use taxes imposed in the development zone does not exceed two percent.

(g) The sales and use tax becomes effective on the first day of the calendar quarter following the date the comptroller receives written notice of the imposition of the tax.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.036, eff. September 1, 2009.

Sec. 3846.265. DEVELOPMENT ZONE PROPERTY TAX. (a) If approved at an election by a majority of the voters in the development zone voting in an election held for that purpose, the governing body may authorize a tax on all taxable property in a development zone created wholly or partly in the boundaries of East Montgomery County Utility District No. 5, 6, or 7, or Valley Ranch Municipal Utility District No. 1 at a rate not to exceed 10 cents on each \$100 valuation as determined by the Montgomery County Appraisal District.

(b) The election may be held in conjunction with the confirmation election held under Section 3846.257.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.036, eff. September 1, 2009.

SUBCHAPTER G. COMMUNITY VENUES

Sec. 3846.301. VENUE PROJECTS AUTHORIZED. (a) The district by resolution may provide for the planning, acquisition, establishment, development, construction, or renovation of a venue project.

(b) The resolution must designate each venue project and each method of financing authorized by this chapter that the district intends to use to finance a project. A resolution may designate more than one method of financing.

(c) The district may contract with a public or private person to plan, acquire, establish, develop, construct, or renovate a venue project.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.037, eff. September 1, 2009.

Sec. 3846.302. VENUE PROJECT FUND. (a) The district shall establish by resolution a fund known as the community venue project fund. The district shall establish separate accounts in the fund for the various revenue sources.

(b) The district shall deposit into the community venue project fund:

(1) the proceeds of any tax imposed by the district under Subchapters H and I;

(2) all revenue from the sale of bonds or other obligations by the district under this chapter; and

(3) any other money required by law to be deposited in the fund.

(c) The district may use money in the community venue project fund to:

(1) reimburse or pay the costs of planning, acquiring, establishing, developing, constructing, or renovating one or more venue projects in the district;

(2) pay the principal of, interest on, and other costs relating to bonds or other obligations issued by the district to refund bonds, notes, or other obligations;

(3) pay the costs of operating or maintaining one or more venue projects; or

(4) pay the administrative costs of the district associated with the operation and administration of one or more venue projects.

(d) Money deposited into the community venue project fund is the property of the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.037, eff. September 1, 2009.

Sec. 3846.303. BONDS AND OTHER OBLIGATIONS FOR VENUE PROJECTS. The district may issue bonds, including revenue bonds and refunding bonds, or other obligations to pay the costs of the venue project.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.037, eff. September 1, 2009.

SUBCHAPTER H. EVENT ADMISSIONS TAX

Sec. 3846.351. EVENT ADMISSIONS TAX AUTHORIZED. (a) The district by order may impose a tax on each ticket sold as admission

to an event held at a venue project in the district for which the district has issued bonds or undertaken a contractual obligation to reimburse costs expended to plan, acquire, establish, develop, construct, or renovate the venue project.

(b) The district may not impose the tax for admission to an event at a venue that is not a community venue project or for which the district has not issued bonds or entered into a contractual obligation to reimburse costs expended to plan, acquire, establish, develop, construct, or renovate the venue project.

(c) The district may impose the tax only if a venue project is or will be located in the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.038, eff. September 1, 2009.

Sec. 3846.352. EVENT ADMISSIONS TAX RATE. (a) The tax authorized by this subchapter is imposed at the tax rate on each ticket sold as admission to an event held at a venue.

(b) The amount of the tax may be imposed at any uniform percentage not to exceed 10 percent of the price of the ticket sold as admission to an event held at a venue.

(c) The district by order may increase, repeal, or decrease the rate of the tax.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.038, eff. September 1, 2009.

Sec. 3846.353. COLLECTION OF EVENT ADMISSIONS TAX. (a) The district by order may require the owner or lessee of a venue project in the district to collect a tax imposed under this subchapter for the benefit of the district.

(b) An owner or lessee required to collect the tax shall add the tax to the admissions price, and the tax is a part of the admissions price, a debt owed to the owner or lessee of a venue project by the person admitted, and recoverable at law in the same manner as the admissions price.

(c) A person required to collect the tax shall report and send the taxes to the district as provided by the district.

(d) The district by order may prescribe penalties,

including interest charges, for failure to keep records required by the district, to report when required, or to pay the tax when due. The district may bring suit against a person who fails to collect the tax and to pay it over to the district as required.

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

(f) The tax is not an occupation tax imposed on the owner or lessee of the venue project.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.038, eff. September 1, 2009.

Sec. 3846.354. EFFECTIVE DATE AND ENDING DATE OF EVENT ADMISSIONS TAX. (a) A tax imposed under this subchapter or a change in the rate of the tax takes effect on the date prescribed by the order imposing the tax or changing the rate.

(b) Except as provided by Subsection (c), the district may impose the tax only if the district issues bonds or enters into a contractual obligation under Subchapter G.

(c) The district may continue to impose the tax after any financial obligations have been fulfilled if the tax revenue is used as authorized by Section 3846.004(e) or 3846.302(c).

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.038, eff. September 1, 2009.

SUBCHAPTER I. EVENT PARKING TAX

Sec. 3846.401. EVENT PARKING TAX AUTHORIZED. (a) The district by order may impose a tax on each motor vehicle parking in a parking facility of a community venue project.

(b) The district may impose the tax during any time the parking facility is being used.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.039, eff. September 1, 2009.

Sec. 3846.402. EVENT PARKING TAX RATE. (a) The district by order may provide that the tax authorized by this subchapter is imposed at a flat amount on each parked motor vehicle or is imposed as a percentage of the amount charged for event parking by the owner or lessee of the parking facility.

(b) Regardless of the method of imposition, the amount of the tax may not exceed the amount allowed by Section 334.202(b), Local Government Code.

(c) The district by order may increase, repeal, or decrease the rate of the tax.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.039, eff. September 1, 2009.

Sec. 3846.403. COLLECTION OF EVENT PARKING TAX. (a) The district by order may require the owner or lessee of a parking facility to collect a tax imposed under this subchapter for the benefit of the district.

(b) An owner or lessee required to collect the tax shall add the tax to the parking charge, and the tax is a part of the parking charge, a debt owed to the parking facility owner or lessee by the person parking, and recoverable at law in the same manner as the parking charge.

(c) A person required to collect the tax shall report and send the taxes to the district as provided by the district.

(d) The district by order may prescribe penalties, including interest charges, for failure to keep records required by the district, to report when required, or to pay the tax when due. The district may bring suit against a person who fails to collect the tax and to pay it over to the district as required.

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

(f) The tax is not an occupation tax imposed on the owner or

lessee of the parking facility.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.039, eff. September 1, 2009.

Sec. 3846.404. EFFECTIVE DATE AND ENDING DATE OF EVENT PARKING TAX. (a) A tax imposed under this subchapter or a change in the rate of the tax takes effect on the date prescribed by the order imposing the tax or changing the rate.

(b) Except as provided by Subsection (c), the district may impose the tax only if the district issues bonds or enters into other contractual obligations under Subchapter G.

(c) The district may continue to impose the tax after any financial obligations have been fulfilled if the tax revenue is used as authorized by Section 3846.004(e) or 3846.302(c).

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.039, eff. September 1, 2009.

SUBCHAPTER J. HOTEL OCCUPANCY TAX

Sec. 3846.451. DEFINITION. In this subchapter, "hotel" has the meaning assigned by Section 156.001, Tax Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.040, eff. September 1, 2009.

Sec. 3846.452. APPLICABILITY OF CERTAIN TAX CODE PROVISIONS. (a) Chapter 352, Tax Code, governs a hotel occupancy tax authorized by this subchapter, including the collection of the tax.

(b) For purposes of this subchapter, a reference:

(1) in Subchapter B, Chapter 351, Tax Code, to a municipality is a reference to the district and a reference to the municipality's officers or governing body is a reference to the board; and

(2) in Subchapter A or B, Chapter 352, Tax Code, to a county is a reference to the district and a reference to the county's officers or governing body is a reference to the board.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec.

21.040, eff. September 1, 2009.

Sec. 3846.453. HOTEL OCCUPANCY TAX AUTHORIZED. The board by order may impose, repeal, increase, or decrease the rate of a tax on a person who, under a lease, concession, permit, right of access, license, contract, or agreement, pays for the use or possession or for the right to the use or possession of a room that:

(1) is in a hotel located wholly or partly in the district;

(2) costs \$2 or more each day; and

(3) is ordinarily used for sleeping.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.040, eff. September 1, 2009.

Sec. 3846.454. LIMITATION ON HOTEL OCCUPANCY TAX RATE. The tax rate may not exceed the maximum rate allowed under Section 352.003, Tax Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.040, eff. September 1, 2009.

Sec. 3846.455. USE OF HOTEL OCCUPANCY TAX. (a) The district may use the proceeds from a hotel occupancy tax imposed under this subchapter for any district purpose and for any purpose described by Section 351.101 or 352.1015, Tax Code, to the extent the board considers appropriate.

(b) During each interval of three calendar years following the date on which the tax is initially collected, the board may not apply an annual average of more than 10 percent of the amount of tax collected, excluding any interest earnings or investment profits and after a deduction for the costs of imposing and collecting the taxes, for the administrative expenses of the district or a district purpose other than the costs of:

(1) advertising and promoting tourism;

(2) business development and commerce, including the costs of planning, designing, constructing, acquiring, leasing, financing, owning, operating, maintaining, managing, improving, repairing, rehabilitating, or reconstructing improvement projects

for:

- (A) conferences, conventions, and exhibitions;
- (B) manufacturer, consumer, or trade shows; and
- (C) civic, community, or institutional events;

(3) encouraging and promoting the arts, including instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and related fields, painting, sculpture, photography, graphic arts and crafts, motion pictures, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of these major art forms;

(4) historical restoration and preservation projects;
and

(5) activities, advertising, solicitations, and promotional programs to encourage tourists to visit preserved historic sites or museums.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.040, eff. September 1, 2009.

Sec. 3846.456. EXEMPTION FROM HOTEL OCCUPANCY TAX. This subchapter does not apply to a hotel located wholly or partly in the city of Splendora as the boundaries of that city existed on April 1, 2007.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.040, eff. September 1, 2009.