

SPECIAL DISTRICT LOCAL LAWS CODE
TITLE 4. DEVELOPMENT AND IMPROVEMENT
SUBTITLE C. DEVELOPMENT, IMPROVEMENT, AND MANAGEMENT
CHAPTER 3855. LEAGUE CITY IMPROVEMENT DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3855.001. DEFINITIONS. In this chapter:

- (1) "Board" means the district's board of directors.
- (2) "City" means the city of League City.
- (3) "Director" means a board member.
- (4) "District" means the League City Improvement District.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. [4798](#)), Sec. 1, eff. June 19, 2009.

Sec. 3855.002. NATURE OF DISTRICT. The League City Improvement District is a special district created under Section [59](#), Article XVI, Texas Constitution.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. [4798](#)), Sec. 1, eff. June 19, 2009.

Sec. 3855.003. PURPOSE; DECLARATION OF INTENT. (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, Galveston County, 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 Galveston County from providing the level of services provided, as of the effective date of the Act creating this chapter, to the area in the district. The district is created to supplement and not to supplant the city or county services provided in the area in the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.004. 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 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.

(d) 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.

(e) 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.

(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 2009, 81st Leg., R.S., Ch. 1092 (H.B. [4798](#)), Sec. 1, eff. June 19, 2009.

Sec. 3855.005. INITIAL DISTRICT TERRITORY. (a) The district is initially composed of the territory described by Section 2 of the Act creating this chapter.

(b) The boundaries and field notes contained in Section 2 of the Act creating 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 issue any type of bond for the purposes for which the district is created or to pay the principal of and interest on the bond;
- (3) right to impose or collect an assessment or sales and use tax; or
- (4) legality or operation.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. [4798](#)), Sec. 1, eff. June 19, 2009.

Sec. 3855.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. (a) All or any part of the area of the district is eligible to be included in:

- (1) a tax increment reinvestment zone created under Chapter [311](#), Tax Code;
- (2) a tax abatement reinvestment zone created under Chapter [312](#), Tax Code;
- (3) an enterprise zone created under Chapter [2303](#), Government Code; or
- (4) another district with the same or similar powers, duties, and authority.

(b) The district may enter into agreements with other districts described by Subsection (a)(4) to coordinate services and improvements and to allocate assessments.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.007. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICTS LAW. Except as otherwise provided by this chapter, Chapter 375, Local Government Code, applies to the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.008. LIBERAL CONSTRUCTION OF CHAPTER. This chapter shall be liberally construed in conformity with the findings and purposes stated in this chapter.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3855.051. GOVERNING BODY; TERMS. (a) The district is governed by a board of seven voting directors who serve staggered terms of four years, with three or four directors' terms expiring June 1 of each odd-numbered year.

(b) The board by resolution or the governing body of the city by resolution or ordinance may change the number of voting directors on the board, but only if the board determines that the change is in the best interest of the district. The board may not consist of fewer than five or more than 15 voting directors.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.052. APPOINTMENT OF DIRECTORS. (a) The mayor and members of the governing body of the city shall appoint voting directors from persons recommended by the board. A person is appointed if a majority of the members of the governing body, including the mayor in case of a tie, vote to appoint that person.

(b) Section 375.063(2), Local Government Code, does not apply to the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1,

eff. June 19, 2009.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 717 (H.B. 304), Sec. 9, eff. September 1, 2019.

Sec. 3855.054. NONVOTING DIRECTORS. The governing body of the city or the board may appoint nonvoting directors.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.055. QUORUM. For purposes of determining the requirements for a quorum of the board, the following are not counted:

(1) a board position vacant for any reason, including death, resignation, or disqualification;

(2) a director who is abstaining from participation in a vote because of a conflict of interest; or

(3) a nonvoting director.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3855.101. ADDITIONAL POWERS. The district may exercise the powers given to a development corporation under Chapter 505, Local Government Code, and a municipal development district under Chapter 377, Local Government Code, including the power to own, operate, acquire, construct, lease, improve, or maintain a project described by those chapters.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.102. NONPROFIT CORPORATION. (a) The board by resolution may authorize the creation of a nonprofit corporation to assist and act for the district in implementing a project or providing a service authorized by this chapter.

(b) The nonprofit corporation:

(1) has each power of and is considered for purposes of this chapter to be a local government corporation created under Chapter 431, Transportation Code; and

(2) may implement any project and provide any service authorized by this chapter.

(c) The board shall appoint the board of directors of the nonprofit corporation. The board of directors of the nonprofit corporation shall serve in the same manner as the board of directors of a local government corporation created under Chapter 431, Transportation Code, except that a board member is not required to reside in the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.103. AGREEMENTS; GRANTS. (a) The district may make an agreement with or accept a gift, grant, or loan from any person.

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

(c) The board may enter into a contract with the board of directors of a tax increment reinvestment zone created under Chapter 311, Tax Code, and the governing body of the municipality or county that created the zone to manage the zone or implement the project plan and reinvestment zone financing plan.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.104. AUTHORITY TO CONTRACT FOR LAW ENFORCEMENT. To protect the public interest, the district may contract with a qualified party, including Galveston County or the city, for the provision of law enforcement services in the district for a fee.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.105. APPROVAL BY CITY. (a) Except as provided by Subsection (c), the district must obtain the approval of the city

for:

- (1) the issuance of bonds;
- (2) calling an election to authorize a sales and use tax; and
- (3) the plans and specifications of an improvement project related to the use of land owned by the city, an easement granted to the city, or a right-of-way of a street, road, or highway.

(b) The governing body of the city must provide the approval required by Subsection (a)(1) or (2) by adoption of a resolution or ordinance. The approval required by Subsection (a)(3) may be provided by an administrative process that does not involve the city's governing body.

(c) If the district obtains the approval of the city's governing body of a capital improvements budget for a period not to exceed 10 years, the district may finance the capital improvements and issue bonds specified in the budget without further approval from the city.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. [4798](#)), Sec. 1, eff. June 19, 2009.

Sec. 3855.106. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. The district may join and pay dues to a charitable or nonprofit organization that performs a service or provides an activity consistent with the furtherance of a district purpose.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. [4798](#)), Sec. 1, eff. June 19, 2009.

Sec. 3855.107. ECONOMIC DEVELOPMENT PROGRAMS. (a) 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.

(b) The district has all of the powers of a municipality under Chapter [380](#), Local Government Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.108. NO EMINENT DOMAIN. The district may not exercise the power of eminent domain.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.109. ANNEXATION OR EXCLUSION OF LAND. (a) The district may annex land as provided by Subchapter J, Chapter 49, Water Code.

(b) In addition to the authority to annex provided by Subsection (a), the district by board resolution may annex territory if:

(1) the city's governing body by ordinance or resolution consents to the annexation;

(2) the board holds a hearing to consider the annexation; and

(3) the board determines that the annexation is feasible, practicable, and to the district's advantage.

(c) The district may not annex under Subsection (b) single-family residential property described by Section 375.161, Local Government Code.

(d) For an annexation authorized by Subsection (b) or Section 49.302, Water Code, an election is not required.

(e) The district may exclude land as provided by Subchapter J, Chapter 49, Water Code. Section 375.044(b), Local Government Code, does not apply to the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

SUBCHAPTER D. PUBLIC TRANSIT SYSTEM AND PARKING FACILITIES

Sec. 3855.151. PUBLIC TRANSIT SYSTEM. The district may acquire, lease as lessor or lessee, construct, develop, own, operate, and maintain a public transit system to serve the area within the boundaries of the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. [4798](#)), Sec. 1, eff. June 19, 2009.

Sec. 3855.152. PARKING FACILITIES AUTHORIZED; OPERATION BY PRIVATE ENTITY. (a) The district may acquire, lease as lessor or lessee, construct, develop, own, operate, and maintain parking facilities or a system of parking facilities, including:

(1) lots, garages, parking terminals, or other structures or accommodations for parking motor vehicles off the streets; and

(2) equipment, entrances, exits, fencing, and other accessories necessary for safety and convenience in parking vehicles.

(b) A parking facility of the district may be leased to, or operated for the district by, an entity other than the district.

(c) The district's parking facilities are a program authorized by the legislature under Section [52-a](#), Article III, Texas Constitution.

(d) The district's parking facilities serve the public purposes of the district and are owned, used, and held for a public purpose even if leased or operated by a private entity for a term of years.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. [4798](#)), Sec. 1, eff. June 19, 2009.

Sec. 3855.153. RULES. The district may adopt rules covering its public transit system or its public parking system.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. [4798](#)), Sec. 1, eff. June 19, 2009.

Sec. 3855.154. FINANCING OF PUBLIC TRANSIT SYSTEM OR PARKING FACILITIES. (a) The district may use any of its resources, including revenue, assessments, sales and use taxes, or grant or contract proceeds, to pay the cost of acquiring or operating a public transit system or public parking facilities.

(b) The district may:

(1) set, charge, impose, and collect fees, charges, or

tolls for the use of the public transit system or the public parking facilities; and

(2) issue bonds or notes to finance the cost of these facilities.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS

Sec. 3855.201. DISBURSEMENTS AND TRANSFERS OF MONEY. The board by resolution shall establish the number of directors' signatures and the procedure required for a disbursement or transfer of the district's money.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.202. MONEY USED FOR IMPROVEMENTS OR SERVICES. The district may acquire, construct, finance, operate, or maintain any improvement or service authorized under this chapter or Chapter 375, Local Government Code, using any money available to the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.203. 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 subject to assessment in the area to be assessed according to the most recent certified tax appraisal roll for Galveston County.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.204. METHOD OF NOTICE FOR 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 notice.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.205. 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 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.206. UTILITY PROPERTY EXEMPT FROM IMPACT FEES AND ASSESSMENTS. The district may not impose an impact fee or assessment on the property, including the equipment,

rights-of-way, facilities, or improvements, of:

(1) an electric utility or a power generation company as defined by Section 31.002, Utilities Code;

(2) a gas utility as defined by Section 101.003 or 121.001, Utilities Code;

(3) a telecommunications provider as defined by Section 51.002, Utilities Code; or

(4) a person who provides to the public cable television or advanced telecommunications services.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.207. NO AD VALOREM TAXES. The district may not impose ad valorem taxes.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.208. AUTHORITY TO BORROW MONEY AND TO ISSUE BONDS.

(a) The district may borrow money on terms and conditions as determined by the board. Section 375.205, Local Government Code, does not apply to a loan, line of credit, or other borrowing from a bank or financial institution.

(b) The district may issue by competitive bid or negotiated sale bonds, notes, or other obligations payable wholly or partly from sales and use 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.

(c) The limitation on the outstanding principal amount of bonds, notes, and other obligations provided by Section 49.4645, Water Code, does not apply to the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.209. CITY NOT REQUIRED TO PAY DISTRICT OBLIGATIONS. Except as provided by Section 375.263, Local Government Code, the city is not required to pay a bond, note, or

other obligation of the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. [4798](#)), Sec. 1, eff. June 19, 2009.

Sec. 3855.210. COMPETITIVE BIDDING. Subchapter [I](#), Chapter [49](#), Water Code, applies to the district. Sections [375.221](#) and [375.223](#), Local Government Code, do not apply to the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. [4798](#)), Sec. 1, eff. June 19, 2009.

Sec. 3855.211. ASSESSMENT ABATEMENTS. The district may grant in the manner that Chapter [312](#), Tax Code, authorizes for taxes an abatement for an assessment owed to the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. [4798](#)), Sec. 1, eff. June 19, 2009.

Sec. 3855.212. ASSESSMENTS IN OTHER DISTRICTS. The board must obtain approval of the governing body of another district created under Section [59](#), Article XVI, Texas Constitution, before imposing an assessment on property in the boundaries of that district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. [4798](#)), Sec. 1, eff. June 19, 2009.

Sec. 3855.213. AUTHORITY TO ESTABLISH DEFINED AREAS OR DESIGNATED PROPERTY. The district may define areas or designate certain property of the district to pay for improvements, facilities, or services that primarily benefit that area or property and do not generally and directly benefit the district as a whole.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. [4798](#)), Sec. 1, eff. June 19, 2009.

SUBCHAPTER F. SALES AND USE TAX

Sec. 3855.251. MEANINGS OF WORDS AND PHRASES. Words and phrases used in this subchapter that are defined by Chapters [151](#) and

321, Tax Code, have the meanings assigned by Chapters 151 and 321, Tax Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.252. APPLICABILITY OF CERTAIN TAX CODE PROVISIONS. (a) Except as otherwise provided by this subchapter, Subtitles A and B, Title 2, Tax Code, and Chapter 151, Tax Code, apply to taxes imposed under this subchapter and to the administration and enforcement of those taxes in the same manner that those laws apply to state taxes.

(b) Chapter 321, Tax Code, relating to municipal sales and use taxes, applies to the application, collection, change, and administration of a sales and use tax imposed under this subchapter to the extent consistent with this chapter, as if references in Chapter 321, Tax Code, to a municipality referred to the district and references to a governing body referred to the board.

(c) Sections 321.106, 321.401, 321.402, 321.403, 321.404, 321.406, 321.409, 321.506, 321.507, and 321.508, Tax Code, do not apply to a tax imposed under this subchapter.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.253. AUTHORIZATION; ELECTION. (a) The district may adopt a sales and use tax to serve the purposes of the district after an election in which a majority of the voters of the city voting in the election authorize the adoption of the tax.

(b) Notwithstanding any other law, the board by order may call an election to authorize a sales and use tax. The election may be held with any other district or city election.

(c) The district shall provide notice of the election and shall hold the election in the manner prescribed by Subchapter L, Chapter 375, Local Government Code, except that all qualified voters of the city may vote in the election to authorize a sales and use tax.

(d) Section 375.243, Local Government Code, does not apply to the district.

(e) The ballots shall be printed to provide for voting for or against the proposition: "Authorization of a sales and use tax in the League City Improvement District at a rate not to exceed _____ percent."

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.254. ABOLISHING SALES AND USE TAX. (a) Except as provided by Subsection (b), the board may abolish the sales and use tax without an election.

(b) The board may not abolish the sales and use tax if the district has outstanding debt secured by the tax.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.

Sec. 3855.255. SALES AND USE TAX RATE. (a) On adoption of the tax authorized by this subchapter, there is imposed a tax on the receipts from the sale at retail of taxable items within the district, and an excise tax on the use, storage, or other consumption within the district of taxable items purchased, leased, or rented from a retailer within the district during the period that the tax is in effect.

(b) The board shall determine the rate of the tax, which may be in one-eighth of one percent increments not to exceed the maximum rate authorized by the district voters at the election. The board may lower the tax rate to the extent it does not impair any outstanding debt or obligations payable from the tax.

(c) The rate of the excise tax is the same as the rate of the sales tax portion of the tax and is applied to the sales price of the taxable item.

Added by Acts 2009, 81st Leg., R.S., Ch. 1092 (H.B. 4798), Sec. 1, eff. June 19, 2009.