

SPECIAL DISTRICT LOCAL LAWS CODE
TITLE 4. DEVELOPMENT AND IMPROVEMENT
SUBTITLE C. DEVELOPMENT, IMPROVEMENT, AND MANAGEMENT
CHAPTER 3858. DRIFTWOOD ECONOMIC DEVELOPMENT MUNICIPAL
MANAGEMENT DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3858.001. DEFINITIONS. In this chapter:

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

(2) "City council" means the governing body of the City of Dripping Springs.

(3) "Commissioners court" means the Hays County Commissioners Court.

(4) "Director" means a member of the board.

(5) "District" means the Driftwood Economic Development Municipal Management District.

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. 4825), Sec. 1, eff. June 19, 2009.

Sec. 3858.002. CREATION AND NATURE OF DISTRICT. The district is a special district created under Section 59, Article XVI, Texas Constitution.

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. 4825), Sec. 1, eff. June 19, 2009.

Sec. 3858.003. 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, 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 Hays 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 supplant county services provided in the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. 4825), Sec. 1, eff. June 19, 2009.

Sec. 3858.004. 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 further the public purposes of:

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

(2) eliminating unemployment and underemployment; and

(3) developing commerce in the state.

(d) The district will:

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

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

(3) promote the health, safety, welfare, and enjoyment of the public by providing trails, landscaping, and other services that are necessary for the restoration, preservation, and enhancement of the scenic beauty and environment of the area.

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. 4825), Sec. 1, eff. June 19, 2009.

Sec. 3858.005. DISTRICT TERRITORY. (a) The district is composed of the territory described by Section 2 of the Act creating this chapter, as the territory may have been modified under:

- (1) Section 375.043 or 375.044, Local Government Code; or
- (2) other law.

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

- (1) the district's organization, existence, or validity;
- (2) the district's right to contract, including the right to issue an obligation for a purpose for which the district is created;
- (3) the district's right to impose or collect an assessment, tax, or other revenue; or
- (4) the legality or operation of the board.

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. 4825), Sec. 1, eff. June 19, 2009.

Sec. 3858.006. 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. 1203 (H.B. 4825), Sec. 1, eff. June 19, 2009.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3858.051. GOVERNING BODY; TERMS. The district is governed by a board of five directors who serve staggered terms of four years, with two or three directors' terms expiring June 1 of each odd-numbered year.

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. 4825), Sec. 1, eff. June 19, 2009.

Sec. 3858.052. APPOINTMENT OF DIRECTORS. The board consists of the following directors:

(1) Position 1: a person appointed by the commissioners court;

(2) Position 2: a person appointed by the commissioners court;

(3) Position 3: a person appointed by the city council;

(4) Position 4: a person appointed by the city council; and

(5) Position 5: a person appointed by the commissioners court, who must be the individual, the designee of the individual, or the designee of the entity that owns more property in the district than any other individual or entity, except that if the commissioners court is unable to identify a qualified person who is willing and able to serve, the commissioners court shall appoint to the place a person who is:

(A) at least 18 years old; and

(B) a resident of this state.

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. [4825](#)), Sec. 1, eff. June 19, 2009.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 974 (H.B. [2259](#)), Sec. 1, eff. September 1, 2015.

Sec. 3858.053. VACANCY. A vacancy in the office of director shall be filled for the unexpired term by appointment in the same manner as the office was previously filled under Section [3858.052](#).

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. [4825](#)), Sec. 1, eff. June 19, 2009.

Sec. 3858.054. PETITION; ELECTION. (a) The owner or owners of at least 40 percent of the assessed value of property in the district may submit a petition to the commissioners court requesting an election of the board.

(b) If the commissioners court receives a petition under

Subsection (a), the commissioners court shall order an election of board members in the district.

(c) The board shall give notice of the election not later than the 30th day before the date of the election.

(d) Of the directors elected to the board in an election under this section, the terms of the directors appointed for positions 1 through 3 expire on the third June 1 after the election, and the terms of directors appointed for positions 4 and 5 expire on June 1 following the election.

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. [4825](#)), Sec. 1, eff. June 19, 2009.

Sec. 3858.055. DIRECTOR'S BOND AND OATH. (a) Section [375.067](#), Local Government Code, does not apply to a director.

(b) Each director shall file the director's constitutional oath of office with the district, and the district shall retain the oath in the district's records.

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. [4825](#)), Sec. 1, eff. June 19, 2009.

Sec. 3858.057. QUALIFICATIONS OF DIRECTORS; PARTICIPATION IN VOTING. (a) Sections [375.063](#) and [375.072](#), Local Government Code, do not apply to a director.

(b) An official or employee of a public entity may serve on the board. The common law doctrine of incompatibility does not disqualify an official or employee of a public entity from serving as a director.

(c) A person appointed to serve on the board under this chapter is qualified to serve as a director and participate in all votes pertaining to the business of the district regardless of any other statutory provision to the contrary.

(d) A director may participate in discussion and vote on an action even if the director is an official or employee of a public entity and the action relates to assessments on or contracts with the public entity.

Added by Acts 2015, 84th Leg., R.S., Ch. 974 (H.B. [2259](#)), Sec. 2, eff. September 1, 2015.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3858.101. GENERAL POWERS AND DUTIES. The district has the powers and duties necessary to accomplish the purposes for which the district was created.

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. [4825](#)), Sec. 1, eff. June 19, 2009.

Sec. 3858.102. IMPROVEMENT PROJECTS. (a) The district may provide, or it may enter into contracts with a governmental or private entity to provide, the following types of improvement projects or services or activities in support of or incidental to those projects or services:

(1) the planning, design, construction, improvement, operation, and maintenance of:

- (A) irrigation facilities and landscaping;
- (B) highway right-of-way or transit corridor beautification and improvement;
- (C) lighting, banners, and signs;
- (D) a street or sidewalk;
- (E) a hiking or cycling path or trail;
- (F) a park, lake, garden, recreational facility, sports facility, open space, scenic area, animal habitat, or related exhibit or preserve;
- (G) a fountain, plaza, or pedestrian mall;
- (H) a drainage or storm-water detention improvement;
- (I) a wastewater treatment and disposal facility;
- (J) water, wastewater, or drainage facilities or services;
- (K) a water quality protection facility;
- (L) a facility to enhance groundwater recharge, including a rainwater collection and harvesting system;
- (M) an alternative energy facility; or
- (N) solid waste management services, including

garbage collection, recycling, and composting;

(2) the planning, design, construction, acquisition, lease, rental, improvement, maintenance, installation, and management of and provision of furnishings for a facility for:

(A) a conference, convention, or exhibition;

(B) a manufacturer, consumer, or trade show;

(C) a civic, community, or institutional event;

or

(D) an exhibit, display, attraction, special event, or seasonal or cultural celebration or holiday; or

(3) a special or supplemental service for the improvement and promotion of the district or for the protection of public health and safety in the district, including:

(A) advertising;

(B) promotion;

(C) tourism;

(D) health and sanitation;

(E) public safety;

(F) security;

(G) fire protection or emergency medical services;

(H) business recruitment;

(I) development;

(J) elimination of traffic congestion;

(K) recreational, educational, or cultural improvements, enhancements, and services;

(L) water, wastewater, or drainage facilities or services; or

(M) any similar public improvement, facility, or service.

(b) The district may not undertake a project under this section unless the board determines the project to be necessary to accomplish the public purpose of the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. [4825](#)), Sec. 1, eff. June 19, 2009.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 974 (H.B. [2259](#)), Sec. 3, eff.

September 1, 2015.

Sec. 3858.1025. 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 that Chapter 380, Local Government Code, provides to a municipality.

Added by Acts 2015, 84th Leg., R.S., Ch. 974 (H.B. 2259), Sec. 4, eff. September 1, 2015.

Sec. 3858.103. CONTRACTS; GIFTS; DONATIONS. The district may:

(1) contract with any person to accomplish any district purpose, including a contract for:

(A) the payment, repayment, or reimbursement of costs incurred by that person on behalf of the district, including all or part of the costs of an improvement project and interest on the reimbursed costs;

(B) the use, occupancy, lease, rental, operation, maintenance, or management of all or part of a proposed or existing improvement project; or

(C) the provision of law enforcement services to the district for a fee;

(2) apply for and contract with any person to receive, administer, and perform a duty or obligation of the district under a federal, state, local, or private gift, grant, loan, conveyance, transfer, bequest, or other financial assistance arrangement relating to investigation, planning, analysis, study, design, acquisition, construction, improvement, completion, implementation, or operation by the district or others of a

proposed or existing improvement project; and

(3) accept a grant or donation from any person.

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. 4825), Sec. 1, eff. June 19, 2009.

Sec. 3858.104. RULES; ENFORCEMENT. (a) The district may adopt and enforce rules:

(1) to administer or operate the district or any service provided by the district;

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

(3) to provide for public safety and security in the district.

(b) The district may enforce its rules by injunctive relief. Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. 4825), Sec. 1, eff. June 19, 2009.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 974 (H.B. 2259), Sec. 5, eff. September 1, 2015.

Sec. 3858.105. COMPETITIVE BIDDING. Section 375.221, Local Government Code, does not apply to the formation of a district contract.

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. 4825), Sec. 1, eff. June 19, 2009.

Sec. 3858.106. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. 4825), Sec. 1, eff. June 19, 2009.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 3858.151. 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. 1203 (H.B. 4825), Sec. 1, eff. June 19, 2009.

Sec. 3858.1521. BONDS AND OTHER OBLIGATIONS. (a) 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 for any purpose authorized by this chapter.

(b) Notwithstanding Subsection (a), ad valorem taxes may be pledged only to pay bonds, notes, or other obligations that are issued by the district for purposes authorized under Sections 52 and 52-a, Article III, or Section 59, Article XVI, Texas Constitution.

Added by Acts 2015, 84th Leg., R.S., Ch. 974 (H.B. 2259), Sec. 6, eff. September 1, 2015.

Sec. 3858.1522. ELECTIONS REGARDING BONDS. (a) The district may issue, without an election, bonds and other obligations secured by revenue from any source other than ad valorem taxes.

(b) The district must hold an election in the manner provided by Chapters 49 and 54, Water Code, to obtain voter approval before the district may issue bonds payable from ad valorem taxes.

Added by Acts 2015, 84th Leg., R.S., Ch. 974 (H.B. 2259), Sec. 6, eff. September 1, 2015.

Sec. 3858.153. AD VALOREM TAX; ELECTION. (a) 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 imposes an ad valorem tax.

(b) If authorized at an election under Subsection (a) and subject to Subsection (c), the district may impose an annual ad valorem tax on taxable property in the district to:

- (1) maintain and operate the district;
- (2) construct or acquire improvements; or
- (3) provide a service.

(c) Repealed by Acts 2015, 84th Leg., R.S., Ch. 974 , Sec. 8(a), eff. January 1, 2016.

(d) The board shall determine the tax rate. The tax rate may not exceed 15 cents per \$100 valuation.

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. 4825), Sec. 1, eff. June 19, 2009.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 974 (H.B. 2259), Sec. 8(a), eff. January 1, 2016.

Sec. 3858.154. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a) The board by resolution may impose and collect an assessment for any purpose authorized by this chapter.

(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. 1203 (H.B. 4825), Sec. 1, eff. June 19, 2009.

Sec. 3858.155. SALES AND USE TAX; ELECTION. (a) Except as otherwise provided by this section, Subtitles A and B, Title 2, Tax Code, and Chapter 151, Tax Code, apply to a tax imposed under this section and to the administration and enforcement of that tax in the same manner that those laws apply to a state tax.

(b) Except as otherwise provided by this chapter, Chapter 321, Tax Code, applies to the imposition, computation, administration, and governance of a sales and use tax imposed under this section.

(c) The board may impose 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 in the district of taxable items purchased, leased, or rented from a retailer in the district if authorized by a majority of the voters of the district voting at an election called for that purpose and held in the manner provided by Subchapter L, Chapter 375, Local Government Code.

(d) The tax may be imposed in one-eighth of one percent increments not to exceed the rate authorized by the district voters.

(e) A tax under this section is applied to the sales price of a taxable item.

(f) The board 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 board and other political subdivisions of this state having territory in the district would exceed two percent at any location in the district.

(g) If the voters of the district approve the adoption of the 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.

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. 4825), Sec. 1, eff. June 19, 2009.

Sec. 3858.156. HOTEL OCCUPANCY TAX. The district may impose a hotel occupancy tax in the manner that Chapter 351, Tax Code, provides for a municipality. A tax imposed under this section may not exceed seven percent of the price paid for lodging in the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. 4825), Sec. 1, eff. June 19, 2009.

Sec. 3858.157. ACCOUNTING. (a) On the conclusion of each fiscal year, the board shall obtain from an independent entity a review of the district's financial activities for the preceding fiscal year.

(b) Not later than September 1, the board annually shall submit to the commissioners court a written report containing:

(1) the findings of a review under Subsection (a);

(2) if not included in the review, accounting records of the preceding fiscal year; and

(3) a summary of the activities of the district during the preceding fiscal year.

(c) Expired.

Added by Acts 2009, 81st Leg., R.S., Ch. 1203 (H.B. 4825), Sec. 1, eff. June 19, 2009.