

SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 4. DEVELOPMENT AND IMPROVEMENT

SUBTITLE C. DEVELOPMENT, IMPROVEMENT, AND MANAGEMENT

CHAPTER 4001. DENTON COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 2

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 4001.0101. DEFINITIONS. In this chapter:

- (1) "Board" means the district's board of directors.
- (2) "County" means Denton County, Texas.
- (3) "Director" means a board member.
- (4) "District" means the Denton County Municipal Management District No. 2.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. [5344](#)), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0102. NATURE OF DISTRICT. The Denton County Municipal Management District No. 2 is a special district created under Section [59](#), Article XVI, Texas Constitution.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. [5344](#)), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0103. 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.

(b) By creating the district and in authorizing the 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.

(c) 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.

(d) This chapter and the creation of the district may not be

interpreted to relieve the county from providing the level of services provided as of the effective date of the Act enacting this chapter to the area in the district. The district is created to supplement and not to supplant county services provided in the district.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. [5344](#)), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0104. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

(a) 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.

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

(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 or expanding 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;

(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; and

(4) provide for water, wastewater, drainage, road, and recreational facilities for the district.

(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 2023, 88th Leg., R.S., Ch. 787 (H.B. [5344](#)), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0105. INITIAL DISTRICT TERRITORY. (a) The district is initially composed of the territory described by Section 2(b) of the Act enacting this chapter.

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

(1) organization, existence, or validity;

(2) right to issue any type of bonds for the purposes for which the district is created or to pay the principal of and interest on the bonds;

(3) right to impose or collect an assessment or tax; or

(4) legality or operation.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. [5344](#)), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0106. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. 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; or

(2) a tax abatement reinvestment zone created under Chapter [312](#), Tax Code.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. [5344](#)), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0107. 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 2023, 88th Leg., R.S., Ch. 787 (H.B. 5344), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0108. CONSTRUCTION OF CHAPTER. This chapter shall be liberally construed in conformity with the findings and purposes stated in this chapter. Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. 5344), Sec. 2(a), eff. June 13, 2023.

#### SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 4001.0201. GOVERNING BODY; TERMS. (a) The district is governed by a board of five elected directors who serve staggered terms of four years.

(b) Directors are elected in the manner provided by Subchapter D, Chapter 49, Water Code. Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. 5344), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0202. COMPENSATION; EXPENSES. (a) The district may compensate each director in an amount not to exceed \$150 for each board meeting. The total amount of compensation for each director in one year may not exceed \$7,200.

(b) A director is entitled to reimbursement for necessary and reasonable expenses incurred in carrying out the duties and responsibilities of the board. Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. 5344), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0203. TEMPORARY DIRECTORS. (a) On or after the effective date of the Act enacting this chapter, the owner or owners of a majority of the assessed value of the real property in the district may submit a petition to the Texas Commission on Environmental Quality requesting that the commission appoint as

temporary directors the five persons named in the petition. The commission shall appoint as temporary directors the five persons named in the petition.

(b) The temporary or successor temporary directors shall hold an election to elect five permanent directors as provided by Section [49.102](#), Water Code.

(c) Temporary directors serve until the earlier of:

(1) the date permanent directors are elected under Subsection (b); or

(2) the fourth anniversary of the effective date of the Act enacting this chapter.

(d) If permanent directors have not been elected under Subsection (b) and the terms of the temporary directors have expired, successor temporary directors shall be appointed or reappointed as provided by Subsection (e) to serve terms that expire on the earlier of:

(1) the date permanent directors are elected under Subsection (b); or

(2) the fourth anniversary of the date of the appointment or reappointment.

(e) If Subsection (d) applies, the owner or owners of a majority of the assessed value of the real property in the district may submit a petition to the commission requesting that the commission appoint as successor temporary directors the five persons named in the petition. The commission shall appoint as successor temporary directors the five persons named in the petition.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. [5344](#)), Sec. 2(a), eff. June 13, 2023.

#### SUBCHAPTER C. POWERS AND DUTIES

Sec. 4001.0301. GENERAL POWERS AND DUTIES. The district has the powers and duties necessary to accomplish the purposes for which the district is created.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. [5344](#)), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0302. IMPROVEMENT PROJECTS AND SERVICES. (a) The district, using any money available to the district for the purpose, may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service authorized under this chapter or Chapter 375, Local Government Code.

(b) The district may contract with a governmental or private entity to carry out an action under Subsection (a).

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

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. 5344), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0303. 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 to be a local government corporation created under Subchapter D, 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 Subchapter D, Chapter 431, Transportation Code, except that a board member is not required to reside in the district.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. 5344), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0304. LAW ENFORCEMENT SERVICES. To protect the public interest, the district may contract with a qualified party, including the county, to provide law enforcement services in the

district for a fee.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. [5344](#)), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0305. 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 2023, 88th Leg., R.S., Ch. 787 (H.B. [5344](#)), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0306. ECONOMIC DEVELOPMENT PROGRAMS. (a) The district may engage in activities that accomplish the economic development purposes of the district.

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

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

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

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

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. [5344](#)), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0307. PARKING FACILITIES. (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 lots, garages, parking terminals, or other structures or accommodations for parking motor vehicles off the streets and related appurtenances.

(b) 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.

(c) The district's parking facilities are parts of and necessary components of a street and are considered to be a street or road improvement.

(d) The development and operation of the district's parking facilities may be considered an economic development program.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. 5344), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0308. ADDING OR EXCLUDING LAND. The district may add or exclude land in the manner provided by Subchapter J, Chapter 49, Water Code, or by Subchapter H, Chapter 54, Water Code.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. 5344), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0309. 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 district money.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. 5344), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0310. CERTAIN RESIDENTIAL PROPERTY NOT EXEMPT. Section 375.161, Local Government Code, does not apply to the district.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. 5344), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0311. EMINENT DOMAIN. The district may exercise the power of eminent domain in the manner provided by Section 49.222, Water Code.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. 5344), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0312. DIVISION OF DISTRICT. (a) The district may be divided into two or more new districts only if the district:

(1) has no outstanding bonded debt; and



(2) is not imposing ad valorem taxes.

(b) This chapter applies to any new district created by the division of the district, and a new district has all the powers and duties of the district.

(c) Any new district created by the division of the district may not, at the time the new district is created, contain any land outside the area described by Section 2(b) of the Act enacting this chapter.

(d) The board, on its own motion or on receipt of a petition signed by the owner or owners of a majority of the assessed value of the real property in the district, may adopt an order dividing the district.

(e) An order dividing the district must:

(1) name each new district;

(2) include the metes and bounds description of the territory of each new district;

(3) appoint temporary directors for each new district;  
and

(4) provide for the division of assets and liabilities between or among the new districts.

(f) On or before the 30th day after the date of adoption of an order dividing the district, the district shall file the order with the Texas Commission on Environmental Quality and record the order in the real property records of each county in which the district is located.

(g) Any new district created by the division of the district must hold an election as required by this chapter to obtain voter approval before the district may impose a maintenance tax or issue bonds payable wholly or partly from ad valorem taxes.

(h) Municipal consent to the creation of the district and to the inclusion of land in the district granted under Section [4001.0506](#) acts as municipal consent to the creation of any new district created by the division of the district and to the inclusion of land in the new district.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. [5344](#)), Sec. 2(a), eff. June 13, 2023.

## SUBCHAPTER D. ASSESSMENTS

Sec. 4001.0401. PETITION REQUIRED FOR FINANCING SERVICES AND IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a service or improvement project with assessments under this chapter unless a written petition requesting that service or improvement has been filed with the board.

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

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. [5344](#)), Sec. 2(a), eff. June 13, 2023.

## Sec. 4001.0402. 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 2023, 88th Leg., R.S., Ch. 787 (H.B. 5344), Sec. 2(a), eff. June 13, 2023.

#### SUBCHAPTER E. TAXES AND BONDS

Sec. 4001.0501. TAX ELECTION REQUIRED. (a) The district must hold an election in the manner provided by Chapter 49, Water Code, or, if applicable, Chapter 375, Local Government Code, to obtain voter approval before the district may impose an ad valorem tax.

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

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. 5344), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0502. OPERATION AND MAINTENANCE TAX. (a) If authorized by a majority of the district voters voting at an election under Section 4001.0501, the district may impose an operation and maintenance tax on taxable property in the district in the manner provided by Section 49.107, Water Code, for any district purpose, including to:

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

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

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. 5344), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0503. AUTHORITY TO BORROW MONEY AND TO ISSUE BONDS AND OTHER OBLIGATIONS. (a) The district may borrow money on terms determined by the board.

(b) The district may issue bonds, notes, or other obligations payable wholly or partly from ad valorem taxes,

assessments, impact fees, revenue, contract payments, grants, or other district money, or any combination of those sources of money, to pay for any authorized district purpose.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. [5344](#)), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0504. BONDS SECURED BY REVENUE OR CONTRACT PAYMENTS. The district may issue, without an election, bonds secured by:

(1) revenue other than ad valorem taxes, including contract revenues; or

(2) contract payments, provided that the requirements of Section [49.108](#), Water Code, have been met.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. [5344](#)), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0505. BONDS SECURED BY AD VALOREM TAXES; ELECTIONS. (a) If authorized at an election under Section [4001.0501](#), the district may issue bonds payable from ad valorem taxes.

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

(c) All or any part of any facilities or improvements that may be acquired by a district by the issuance of its bonds may be submitted as a single proposition or as several propositions to be voted on at the election.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. [5344](#)), Sec. 2(a), eff. June 13, 2023.

Sec. 4001.0506. CONSENT OF MUNICIPALITY REQUIRED. (a) The board may not issue bonds until each municipality in whose corporate limits or extraterritorial jurisdiction the district is located has consented by ordinance or resolution to the creation of

the district and to the inclusion of land in the district as required by applicable law.

(b) This section applies only to the district's first issuance of bonds payable from ad valorem taxes.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. [5344](#)), Sec. 2(a), eff. June 13, 2023.

#### SUBCHAPTER I. DISSOLUTION

Sec. 4001.0901. DISSOLUTION. (a) The board shall dissolve the district on written petition filed with the board by the owners of:

(1) at least two-thirds of the assessed value of the property subject to assessment by the district based on the most recent certified county property tax rolls; or

(2) at least two-thirds of the surface area of the district, excluding roads, streets, highways, utility rights-of-way, other public areas, and other property exempt from assessment by the district according to the most recent certified county property tax rolls.

(b) The board by majority vote may dissolve the district at any time.

(c) The district may not be dissolved by its board under Subsection (a) or (b) if the district:

(1) has any outstanding bonded indebtedness until that bonded indebtedness has been repaid or defeased in accordance with the order or resolution authorizing the issuance of the bonds;

(2) has a contractual obligation to pay money until that obligation has been fully paid in accordance with the contract; or

(3) owns, operates, or maintains public works, facilities, or improvements unless the district contracts with another person for the ownership, operation, or maintenance of the public works, facilities, or improvements.

(d) Sections [375.261](#), [375.262](#), and [375.264](#), Local Government Code, do not apply to the district.

Added by Acts 2023, 88th Leg., R.S., Ch. 787 (H.B. [5344](#)), Sec. 2(a),

eff. June 13, 2023.