

A BILL TO BE ENTITLED

AN ACT

relating to the creation and financing of public improvement districts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter A, Chapter 372, Local Government Code, is amended to read as follows:

SUBCHAPTER A. PUBLIC IMPROVEMENT DISTRICTS

Sec. 372.001. SHORT TITLE. This subchapter may be cited as the Public Improvement District Assessment Act.

Sec. 372.0015. DEFINITIONS [~~DEFINITION~~]. In this subchapter:

(1) "Authorized instrumentality" means a public facility corporation created by the governing body of a municipality or county under Chapter 303 or a local government corporation created by the governing body of a municipality or county under Subchapter D, Chapter 431, Transportation Code.

(2) "Extraterritorial[, ~~extraterritorial~~ jurisdiction" means extraterritorial jurisdiction of a municipality as determined under Chapter 42.

(3) "Public improvement district" or "district" means an area defined by the governing body of a municipality or county that:

(A) consists of one or more contiguous or noncontiguous tracts of land; and

1                   (B) will be specially benefited as determined by  
2 the municipality or county by any or all of the public improvements  
3 or services.

4                   (4) "Qualified costs" means the costs and expenses  
5 incurred in establishing, administering, managing, and operating a  
6 public improvement district, including:

7                   (A) costs and expenses of or related to the  
8 construction of an improvement project;

9                   (B) financing of an improvement project by a  
10 municipality, county, or authorized instrumentality, including the  
11 debt service requirements owed or to be owed under installment  
12 purchase or reimbursement contracts, temporary notes, time  
13 warrants, revenue bonds, special assessment bonds, or certificates  
14 of obligation, including reserve funds and capitalized interest;

15                   (C) costs and expenses of or related to the  
16 negotiation, development, and execution of the obligations  
17 described by Paragraph (B);

18                   (D) costs and expenses of or related to credit  
19 and interest rate management agreements entered into under Chapter  
20 1371, Government Code;

21                   (E) costs of attorneys and other professional  
22 advisors, including consultants; and

23                   (F) costs related to the administrative  
24 oversight of public improvements, services, and operations of the  
25 public improvement district.

26                   (5) "Revenue bonds" means bonds, notes, or other  
27 securities issued by a municipality, county, or authorized

1 instrumentality that are payable from and secured by liens on all or  
2 part, or a combination of, the revenue derived from installment  
3 payments of special assessments plus any other revenues, donations,  
4 grants, or income described by Section 372.026(e).

5 (6) "Special assessment bonds" means bonds, notes, or  
6 other securities issued by a municipality, county, or authorized  
7 instrumentality that are payable solely from and secured by special  
8 assessments levied by the governing body of the municipality or  
9 county in a public improvement district.

10 (7) "Special district" means a political subdivision  
11 of this state with a limited geographic area created by local law or  
12 under general law for a special purpose.

13 Sec. 372.002. EXERCISE OF POWERS. (a) A public  
14 improvement district is not a separate body politic or corporate  
15 from the municipality or county that created the district.

16 (b) Subject to Section 372.010(c), powers [~~Powers~~] granted  
17 under this subchapter in an area comprising a public improvement  
18 district may be exercised by a municipality or county on and after  
19 the date [~~in which~~] the governing body of the municipality or county  
20 [~~initiates or~~] receives a petition requesting the establishment of  
21 a public improvement district that complies[. ~~A petition must~~  
22 ~~comply~~] with the requirements of Section 372.005.

23 (c) The powers granted under this subchapter may be  
24 exercised by the governing body of any other political subdivision  
25 if the law creating or governing the political subdivision grants  
26 the political subdivision authority described by this subchapter.  
27 The governing body of the political subdivision has the same powers

1 and is subject to the same limitations as are applicable to the  
2 governing body of a municipality or a county under this subchapter  
3 unless and except as modified by the law creating or governing the  
4 political subdivision.

5           Sec. 372.003. AUTHORIZED IMPROVEMENTS AND SERVICES.

6 (a) If the governing body of a municipality or county finds that it  
7 promotes the interests of the municipality or county, the governing  
8 body may create one or more public improvement districts under this  
9 subchapter and undertake one or more [~~an~~] improvement projects  
10 [~~project~~] that confer [~~confers~~] a special benefit on the property  
11 located in the public improvement district [~~a definable part of the~~  
12 ~~municipality or county or the municipality's extraterritorial~~  
13 ~~jurisdiction~~]. A project may be undertaken within or outside the  
14 district in the municipality or county or in the municipality's  
15 extraterritorial jurisdiction if the project benefits the  
16 district.

17           (b) A public improvement project may include:

- 18                   (1) landscaping;
- 19                   (2) erection of fountains, distinctive lighting, and  
20 signs;
- 21                   (3) acquiring, constructing, improving, repairing,  
22 widening, narrowing, closing, or rerouting of sidewalks or of  
23 streets, roads, highways, bridges, culverts, water retention  
24 walls, [any other roadways,] or related [~~their~~] rights-of-way owned  
25 by or to be conveyed to the municipality, the county, the federal  
26 government, or another political subdivision or entity exercising  
27 powers granted under this subchapter;

- 1           (4) construction or improvement of pedestrian malls;
- 2           (5) acquisition and installation of pieces of art;
- 3           (6) acquisition, construction, or improvement of
- 4 ~~libraries,~~
- 5           ~~[(7) acquisition, construction, or improvement of]~~
- 6 off-street parking facilities;
- 7           (7) ~~[(8)]~~ acquisition, construction, or improvement~~[~~
- 8 ~~or rerouting]~~ of mass transportation facilities, including light
- 9 rail mass transit, streetcar, or similar systems, and related
- 10 vehicle parking facilities;
- 11           (8) ~~[(9)]~~ acquisition, construction, or improvement
- 12 of water, wastewater, or drainage facilities or improvements;
- 13           (9) ~~[(10)]~~ the establishment or improvement of parks,
- 14 playgrounds, lakes, and open spaces, including paths, trails, boat
- 15 docks, and wharves;
- 16           (10) acquisition, construction, or improvement of
- 17 other public projects that are determined by the municipality or
- 18 county to promote the interests of the municipality or county and to
- 19 be of a special benefit to the public improvement district,
- 20 including:
- 21                   (A) community centers, recreation centers, and
- 22 recreation facilities;
- 23                   (B) libraries;
- 24                   (C) facilities for police, sheriffs, or
- 25 firefighters;
- 26                   (D) municipal or county administration centers;
- 27 and

1                    (E) other governmental buildings for the  
2 provision of governmental services;

3                    (11) acquisition, construction, or improvement of  
4 other public projects, facilities, or services required by a  
5 development agreement, interlocal agreement, zoning regulation, or  
6 permit issued by a municipality or county having jurisdiction in  
7 the public improvement district;

8                    (12) acquisition, construction, maintenance, or  
9 improvement of buildings and other facilities commonly used for  
10 teaching, research, or the preservation of knowledge by an  
11 institution of higher education or for auxiliary purposes of the  
12 institution, including administration, student services and  
13 housing, athletics, performing arts, and alumni support;

14                    (13) [~~(11)~~ projects similar to those listed in  
15 Subdivisions (1)-(10);

16                    [~~(12)~~] acquisition, by purchase or otherwise, of real  
17 property in connection with an authorized improvement; and

18                    (14) [~~(13)~~] special supplemental services for  
19 improvement and promotion of the district, including services  
20 relating to:

21                    (A) advertising;

22                    (B) [] promotion;

23                    (C) [] health and sanitation;

24                    (D) [] water and wastewater;

25                    (E) enhanced fire protection, police, sheriff,  
26 and other [] public safety and [] security;

27                    (F) [] business recruitment;

1           (G) ~~[7]~~ development;

2           (H) ~~[7]~~ recreation; ~~[7]~~ and

3           (I) cultural enhancement ~~[7]~~ and

4           ~~[(14) payment of expenses incurred in the~~  
5 ~~establishment, administration, and operation of the district].~~

6           (c) A public improvement project may include or may be  
7 limited to the provision of all or any part of the services  
8 described by Subsection (b)(14) ~~[(b)(13)]~~.

9           (d) A municipality that exercises powers under this  
10 subchapter may establish a public improvement district in the  
11 corporate limits or the extraterritorial jurisdiction of the  
12 municipality. A county or other political subdivision that  
13 exercises powers under this subchapter may establish a public  
14 improvement district in the county or the area of the political  
15 subdivision, including in the corporate limits or the  
16 extraterritorial jurisdiction of a municipality unless within 30  
17 days after the date notice is provided to the municipality of an ~~[a~~  
18 ~~county's]~~ action to approve ~~[such]~~ a public improvement district,  
19 the ~~[a home rule]~~ municipality objects to the district's ~~[its]~~  
20 establishment within the municipality's corporate limits or  
21 extraterritorial jurisdiction.

22           Sec. 372.004. COMBINED IMPROVEMENTS.     A public ~~[An]~~  
23 improvement project may consist of an improvement on more than one  
24 street or of more than one type of improvement. An improvement ~~[A]~~  
25 project described by this section may be included in one proceeding  
26 and financed as one improvement project.

27           Sec. 372.0045. AUTHORIZED HIGHER EDUCATION FACILITIES;

1 LEASE TO INSTITUTION OF HIGHER EDUCATION. (a) In this section,  
2 "institution of higher education" has the meaning assigned by  
3 Section 61.003, Education Code.

4 (b) The governing body of a municipality or county that  
5 establishes a public improvement district to finance a public  
6 improvement project described by Section 372.003(b)(12) may enter  
7 into a memorandum of understanding with an institution of higher  
8 education that provides educational services in the municipality or  
9 county under which the municipality or county leases the public  
10 improvement project to the institution, at a nominal rate, for use  
11 by the institution in providing teaching, research, public service,  
12 or auxiliary enterprise activities to students of the institution.

13 (c) A memorandum of understanding entered into by a  
14 municipality or county under this section must include adequate  
15 controls to ensure that the lease of the public improvement project  
16 promotes the municipality's or county's interests and provides a  
17 public benefit to the area served by the district.

18 Sec. 372.005. PETITION. (a) A petition for the  
19 establishment of a public improvement district must state:

20 (1) the general nature of the proposed improvements  
21 [~~improvement~~];

22 (2) the estimated qualified costs [~~cost~~] of the  
23 improvements [~~improvement~~];

24 (3) the boundaries of the proposed [~~assessment~~]  
25 district;

26 (4) the proposed method of assessment, which may  
27 specify included or excluded classes of assessable property;



1           (5) ~~[the proposed apportionment of cost between the~~  
2 ~~public improvement district and the municipality or county as a~~  
3 ~~whole,~~

4           ~~[(6)]~~ whether the management of the district is to be  
5 by:

6                   (A) the municipality;

7                   (B) the ~~or~~ county;

8                   (C) an authorized instrumentality;

9                   (D) [τ] the private sector; [τ] or

10                   (E) a partnership between the private sector and  
11 one of the entities described by Paragraphs (A)-(C) [municipality  
12 or county and the private sector];

13           (6) [(7)] that the persons signing the petition  
14 request or concur with the establishment of the district; and

15           (7) [(8)] that an advisory body may be established or  
16 an authorized instrumentality may be incorporated to develop and  
17 recommend an improvement plan to the governing body of the  
18 municipality or county.

19           (b) The petition is sufficient if signed by:

20                   (1) owners of taxable real property representing more  
21 than 50 percent of the appraised value of taxable real property  
22 liable for assessment under the proposal, as determined by the  
23 current roll of the appraisal district in which the property is  
24 located; and

25                   (2) record owners of real property liable for  
26 assessment under the proposal who:

27                           (A) constitute more than 50 percent of all record

1 owners of property that is liable for assessment under the  
2 proposal; or

3 (B) own taxable real property that constitutes  
4 more than 50 percent of the area of all taxable real property that  
5 is liable for assessment under the proposal.

6 (c) A [The] petition filed with the municipality may be  
7 filed with the municipal secretary or other officer performing the  
8 functions of the municipal secretary. A petition filed with the  
9 county may be filed with the county clerk or other officer  
10 designated by the commissioners court. A petition filed with any  
11 other political subdivision exercising powers under this  
12 subchapter may be filed with the political subdivision's governing  
13 body.

14 Sec. 372.006. FINDINGS. (a) If a petition that complies  
15 with this subchapter is filed, the governing body of the  
16 municipality or county may make findings by resolution as to:

17 (1) the advisability of the proposed improvements;  
18 (2) the [improvement, its] estimated qualified costs  
19 of the proposed improvements; and

20 (3) [cost,] the method of assessment[, and the  
21 apportionment of cost between the proposed improvement district and  
22 the municipality or county as a whole].

23 (b) The governing body's findings under this section are  
24 conclusive.

25 Sec. 372.007. FEASIBILITY REPORT. (a) Before holding the  
26 hearing required by Section 372.009, the governing body of the  
27 municipality may use the services of municipal employees, the

1 governing body of the county may use the services of county  
2 employees, or the governing body of the municipality or county may  
3 employ consultants to prepare a report to determine whether  
4 improvements [~~an improvement~~] should be made as proposed by  
5 petition or otherwise or whether improvements [~~the improvement~~]  
6 should be made in combination with other improvements authorized  
7 under this subchapter. The governing body may also require that a  
8 preliminary estimate of the qualified costs [~~cost~~] of improvements  
9 [~~the improvement~~] or a combination of improvements be made.

10 (b) For the purpose of determining the feasibility and  
11 desirability of a public [~~an~~] improvement district, the governing  
12 body may take other preliminary steps before the hearing required  
13 by Section 372.009 and [~~7~~] before establishing a public improvement  
14 district [~~7, or before entering into a contract~~].

15 Sec. 372.008. ADVISORY BODY. (a) The [~~After receiving a~~  
16 ~~petition that complies with Section 372.005, the~~] governing body of  
17 the municipality or county, on the governing body's own initiative  
18 or after receiving a petition that complies with Section 372.005,  
19 may appoint an advisory body with the responsibility of developing  
20 and recommending an improvement plan to the governing body.

21 (b) The composition of an [~~the~~] advisory body, if  
22 established, must include:

23 (1) owners of taxable real property representing more  
24 than 50 percent of the appraised value of taxable real property  
25 liable for assessment under the proposal, as determined by the  
26 current roll of the appraisal district in which the property is  
27 located; and

1 (2) record owners of real property liable for  
2 assessment under the proposal who:

3 (A) constitute more than 50 percent of all record  
4 owners of property that is liable for assessment under the  
5 proposal; or

6 (B) own taxable real property that constitutes  
7 more than 50 percent of the area of all taxable real property that  
8 is liable for assessment under the proposal.

9 (c) The members of the advisory body serve at the will of the  
10 governing body of the municipality or county creating the public  
11 improvement district and may be removed at any time.

12 Sec. 372.009. HEARING. (a) A public improvement district  
13 may be established and improvements provided by the district may be  
14 financed under this subchapter only after the governing body of the  
15 municipality or county holds a public hearing on the advisability  
16 of the improvements [~~improvement~~].

17 (b) The hearing may be adjourned from time to time until the  
18 governing body makes findings by resolution as to:

19 (1) the advisability of each [~~the~~] improvement;

20 (2) the nature of each [~~the~~] improvement;

21 (3) the estimated qualified costs [~~cost~~] of each [~~the~~]  
22 improvement;

23 (4) the boundaries of the [~~public improvement~~]  
24 district; and

25 (5) the method of assessment [~~, and~~

26 [~~(6) the apportionment of costs between the district~~  
27 ~~and the municipality or county as a whole~~].

1 (c) Notice of the hearing must be given in a newspaper of  
 2 general circulation in the municipality or county. If any part of  
 3 the public improvement district is to be located in the  
 4 municipality's extraterritorial jurisdiction or if any part of the  
 5 improvements is to be undertaken in the municipality's  
 6 extraterritorial jurisdiction, the notice must also be filed with  
 7 the municipal secretary or other officer performing the duties of  
 8 the municipal secretary and published [~~given~~] in a newspaper of  
 9 general circulation in the part of the extraterritorial  
 10 jurisdiction in which the district is to be located or in which the  
 11 improvements are to be undertaken. The final publication of notice  
 12 must be made before the 15th day before the date of the hearing. The  
 13 notice must state:

- 14 (1) the time and place of the hearing;
- 15 (2) the general nature of the proposed improvements  
 16 [~~improvement~~];
- 17 (3) the estimated qualified costs [~~cost~~] of the  
 18 proposed improvements [~~improvement~~];
- 19 (4) the boundaries of the proposed public improvement  
 20 [~~assessment~~] district; and
- 21 (5) the proposed method of assessment [~~, and~~  
 22 [~~(6) the proposed apportionment of cost between the~~  
 23 ~~improvement district and the municipality or county as a whole~~].

24 (d) Written notice containing the information required by  
 25 Subsection (c) must be mailed before the 15th day before the date of  
 26 the hearing. The notice must be addressed to "Property Owner" and  
 27 mailed to the current address of the owner, as reflected on tax

1 rolls, of property subject to assessment under the proposed public  
2 improvement district.

3       Sec. 372.010. IMPROVEMENT ORDER. (a) During the six-month  
4 period after the date of the final adjournment of the hearing under  
5 Section 372.009, the governing body of the municipality or county  
6 may authorize the creation of a public ~~[an]~~ improvement district  
7 subject to Section 372.012 if, by majority vote of all members of  
8 the governing body, the governing body adopts ~~[members adopt]~~ a  
9 resolution authorizing the district in accordance with its finding  
10 as to the advisability of the improvements ~~[improvement]~~.

11       (b) An authorization takes effect when it has been published  
12 one time in a newspaper of general circulation in the municipality  
13 or county. If any part of the ~~[improvement]~~ district is located in  
14 the municipality's extraterritorial jurisdiction or if any part of  
15 the improvements is to be undertaken in the municipality's  
16 extraterritorial jurisdiction, the authorization does not take  
17 effect until the notice is also given one time in a newspaper of  
18 general circulation in the part of the extraterritorial  
19 jurisdiction in which the district is located or in which the  
20 improvements are to be undertaken.

21       (c) Actual construction of improvements ~~[an improvement]~~  
22 may not begin, and acquisition of existing improvements may not  
23 occur, until after the 20th day after the date the authorization  
24 takes effect and may not begin if during that 20-day period written  
25 protests signed by at least two-thirds of the owners of record of  
26 property within the ~~[improvement]~~ district or by the owners of  
27 record of property comprising at least two-thirds of the total area

1 of the district are filed with the municipal [~~or county~~] secretary  
2 or other officer performing the duties of the municipal [~~or county~~]  
3 secretary or the county clerk or other officer designated by the  
4 commissioners court. A person whose name appears on a protest may  
5 withdraw the name from the protest at any time before the governing  
6 body of the municipality or county convenes to determine the  
7 sufficiency of the protest.

8 (d) Before the levy of assessments under Section 372.017,  
9 the property owners in the district who signed the original  
10 petition may petition the governing body to amend the resolution  
11 creating the district adopted under Subsection (a) to amend the  
12 estimated qualified costs of the improvements, including adding or  
13 deleting improvement projects. The governing body shall provide  
14 notice of the owners' petition and hold a public hearing as provided  
15 by Section 372.009 to make findings, by amended resolution, of the  
16 nature and estimated qualified costs of each improvement. A county  
17 or other entity that proposes to amend a resolution under this  
18 subsection in the corporate boundaries or extraterritorial  
19 jurisdiction of a municipality shall provide notice to the  
20 municipality on or before the 30th day before the date the entity  
21 amends the resolution.

22 Sec. 372.011. DISSOLUTION. (a) A public hearing may be  
23 [~~called and~~] held after giving notice in the same manner as a  
24 hearing under Section 372.009 for the purpose of dissolving a  
25 district if a petition requesting dissolution is filed and the  
26 petition contains the signatures of at least enough property owners  
27 in the district to make a petition sufficient under Section

1 372.005(b). If the district is dissolved, the district nonetheless  
2 shall remain in effect for the purpose of meeting obligations of  
3 indebtedness for improvements.

4 (b) A district may be dissolved at the discretion of the  
5 governing body without a petition only if no assessments have been  
6 levied on property in the district or if assessments previously  
7 levied have been paid in full and the district has no other  
8 outstanding obligations. A dissolution under this subsection may  
9 not occur until after the governing body holds a hearing and gives  
10 notice in the manner required by Section 372.009.

11 Sec. 372.012. AREA OF DISTRICT. The area of a public  
12 improvement district to be assessed according to the findings of  
13 the governing body of the municipality or county establishing the  
14 boundaries may include contiguous and noncontiguous tracts of land  
15 and may be less than the area described in the proposed boundaries  
16 stated by the notice under Section 372.009. The area to be assessed  
17 may not include property not described by the notice as being within  
18 the proposed boundaries of the district unless a hearing is held to  
19 include the property and notice for the hearing is given in the same  
20 manner as notice under Section 372.009.

21 Sec. 372.013. SERVICE PLAN. (a) The advisory body shall  
22 prepare an ongoing service plan and present the plan to the  
23 governing body of the municipality or county for review and  
24 approval. The governing body may assign responsibility for the  
25 plan to the employees of the governing body or an authorized  
26 instrumentality or to another entity instead [~~in the absence~~] of an  
27 advisory body.



1 (b) The plan must cover a period of at least five years and  
2 must also define the annual indebtedness and the projected  
3 qualified costs for improvements.

4 (c) The plan shall be reviewed and updated annually for the  
5 purpose of determining the annual budget for improvements. As part  
6 of the annual update, a revised assessment roll must be prepared to  
7 reflect any division of parcels and any reallocation of assessments  
8 based on the division.

9 Sec. 372.014. ASSESSMENT PLAN; PAYMENT BY EXEMPT  
10 JURISDICTIONS. (a) An assessment plan must be included in the  
11 annual service plan prepared under Section 372.013.

12 (b) The municipality or county is responsible for payment of  
13 assessments against exempt municipal or county property in the  
14 district if any assessments are levied. Payment of assessments by  
15 other exempt jurisdictions must be established by contract.

16 (c) The assessment plan may require the district to be  
17 divided into development phases and, subject to Sections 372.016  
18 and 372.017, may levy assessments periodically in separate  
19 development phases or may stagger the collection of assessments,  
20 with different development phases in the district assigned  
21 different payment and collection dates. The development phases and  
22 staggered collection dates may be coordinated with the installation  
23 of the improvements or with the maturity dates of installation  
24 purchase or reimbursement contract obligations or with temporary  
25 notes, time warrants, or bonds [~~An assessment paid by the~~  
26 ~~municipality or county under this subsection is considered to have~~  
27 ~~been paid by special assessment for the purposes of Subsection~~

1 ~~(a)~~].

2           Sec. 372.015. DETERMINATION OF ASSESSMENT.           (a) The  
3 governing body of the municipality or county shall apportion the  
4 qualified costs [~~cost~~] of an improvement to be assessed against  
5 property in a public [~~an~~] improvement district. The apportionment  
6 shall be made on the basis of special benefits accruing to the  
7 property because of the improvement.

8           (b) The qualified costs [~~Cost~~] of an improvement may be  
9 assessed:

- 10                   (1) equally per front foot or square foot;  
11                   (2) according to the value of the property as  
12 determined by the governing body, with or without regard to  
13 improvements on the property; or  
14                   (3) in any other manner that results in imposing equal  
15 shares of the qualified costs [~~cost~~] on property similarly  
16 benefitted.

17           (c) The governing body may establish by ordinance or order:

- 18                   (1) reasonable classifications and formulas for the  
19 apportionment of the qualified costs [~~cost~~] between the  
20 municipality or county and the area to be assessed; and  
21                   (2) the methods of assessing the special benefits for  
22 various classes of improvements.

23           (d) The amount of assessment for each property owner may be:

- 24                   (1) adjusted following the annual review of the  
25 service plan; and  
26                   (2) reallocated, but not increased, if an assessed  
27 parcel has been divided.

1       (e) Notice of any reallocation of assessments shall be given  
2 to the property owner of the divided parcel.

3       (f) The findings, determinations, and assessments made by  
4 the governing body under this section are conclusive.

5       Sec. 372.016. ASSESSMENT ROLL. (a) The [~~After the total~~  
6 ~~cost of an improvement is determined, the governing body of the~~]  
7 municipality or county shall prepare a proposed assessment roll  
8 based on the estimated qualified costs of the improvements. The  
9 roll must state the assessment against each parcel of land in the  
10 district and [~~, as determined by~~] the method of assessment [~~chosen~~  
11 ~~by the municipality or county under this subchapter~~].

12       (b) The [~~governing body shall file the~~] proposed assessment  
13 roll must be filed with the municipal secretary or other officer  
14 performing the functions of the municipal secretary or in a  
15 district formed by a county, the county tax assessor-collector.  
16 The proposed assessment roll is subject to public inspection. When  
17 the assessment roll is filed, the appropriate designated officer  
18 described by this subsection shall [~~The governing body shall~~  
19 ~~require the municipal secretary or other officer or county tax~~  
20 ~~assessor-collector to~~] publish notice of the governing body's  
21 intention to consider the proposed assessments at a public hearing.  
22 The notice must be published in a newspaper of general circulation  
23 in the municipality or county before the 10th day before the date of  
24 the hearing. If any part of the public improvement district is  
25 located in the municipality's extraterritorial jurisdiction or if  
26 any part of the improvements is to be undertaken in the  
27 municipality's extraterritorial jurisdiction, the notice must also

1 be published, before the 10th day before the date of the hearing, in  
2 a newspaper of general circulation in the part of the  
3 extraterritorial jurisdiction in which the district is located or  
4 in which the improvements are to be undertaken. The notice must  
5 state:

- 6 (1) the date, time, and place of the hearing;
- 7 (2) the general nature of the improvements  
8 ~~[improvement]~~;
- 9 (3) the qualified costs ~~[cost]~~ of the improvements  
10 ~~[improvement]~~;
- 11 (4) the boundaries of the ~~[assessment]~~ district; and
- 12 (5) that written or oral objections will be considered  
13 at the hearing.

14 (c) When the assessment roll is filed under Subsection (b),  
15 the appropriate designated ~~[municipal secretary or other]~~ officer  
16 shall mail to the owners of property liable for assessment a notice  
17 of the hearing. The notice must contain the information required by  
18 Subsection (b) and the appropriate designated ~~[secretary or other]~~  
19 officer shall mail the notice to the last known address of the  
20 property owner. The failure of a property owner to receive notice  
21 does not invalidate the proceeding.

22 Sec. 372.017. LEVY OF ASSESSMENTS ~~[ASSESSMENT]~~. (a) At or  
23 on the adjournment of the hearing referred to by Section 372.016 on  
24 proposed assessments, the governing body of the municipality or  
25 county must hear and pass on any objection to a proposed assessment.  
26 The governing body may:

- 27 (1) amend a proposed assessment on any parcel; and

1           (2) initially or by amendment, provide for reductions  
2 of the amount of the annual assessment installments if and to the  
3 extent other revenues of the municipality or county of any of the  
4 types described by Section 372.026(e) are pledged or become  
5 available to pay all or part of installment purchase or  
6 reimbursement contract obligations or temporary notes, time  
7 warrants, revenue bonds, special assessment bonds, or certificates  
8 of obligation that are payable in whole or in part from the  
9 assessment installments.

10           (b) After all objections have been heard and the governing  
11 body has passed on the objections, the governing body by ordinance  
12 or order shall levy the assessment in the amount required to pay  
13 qualified costs as a special assessment on the property. The  
14 governing body by ordinance or order shall specify the method of  
15 payment of the assessment. The governing body may provide that  
16 assessments be paid in periodic installments. The installments may  
17 be in equal or different annual amounts, but must be in amounts each  
18 year necessary to meet annual qualified costs. The installments  
19 [for improvements and] must continue for a period and be in amounts  
20 necessary to retire any [the] indebtedness or obligation to pay or  
21 reimburse for the qualified costs, including the proper  
22 administration of the district [on the improvements]. The  
23 obligation to pay installments may be conditioned on the occurrence  
24 of a future event or condition if the first periodic installment  
25 payment of the assessment occurs on a date not later than the fifth  
26 anniversary of the date the assessment was levied.

27           (c) The governing body may:

1           (1) levy multiple assessments on property in the  
2 district to finance all or part of public improvements and must  
3 comply with Section 372.016 for each assessment;

4           (2) execute and deliver installment purchase or  
5 reimbursement contracts or temporary notes or time warrants or  
6 issue revenue bonds, special assessment bonds, or certificates of  
7 obligation to pay the qualified costs or to refund previously  
8 executed installment purchase or reimbursement contracts or  
9 temporary notes or time warrants; and

10           (3) secure the obligations described by Subdivision  
11 (2) by pledging one or more of the assessments levied under this  
12 subchapter.

13           Sec. 372.018. INTEREST ON ASSESSMENT; LIEN. (a) An  
14 assessment bears interest at the rate and for the period specified  
15 by the governing body of the municipality or county, but may not  
16 exceed a rate that is [~~one-half of~~] one percent higher than the  
17 actual interest rate paid on any installment purchase or  
18 reimbursement contract obligation or temporary note or time warrant  
19 [~~the public debt~~] used to finance or to evidence an obligation to  
20 pay for the improvement. If revenue bonds, special assessment  
21 bonds, or certificates of obligation are issued to pay or refund any  
22 of the obligations described by this subsection, the annual  
23 interest rate is adjusted to a rate not to exceed one percent higher  
24 than the actual rate paid on the bonds or certificates, if the rate  
25 is lower than the rate on the obligations. Interest on the  
26 assessment between the effective date of the ordinance or order  
27 levying the assessment and the date the first installment is

1 payable shall be added to the first installment. The interest on  
2 any delinquent installment shall be added to each subsequent  
3 installment until all delinquent installments are paid. The added  
4 interest payable on an installment purchase or reimbursement  
5 contract or a temporary note, time warrant, or bond under this  
6 subsection may be used by a municipality or county to pay qualified  
7 costs of improvements or the costs of administration of the  
8 district, including the enforcement of assessments or the payment  
9 or prepayment of obligations.

10 (b) An assessment or reassessment, with interest, the  
11 expense of collection, and reasonable attorney's fees, if incurred,  
12 is a first and prior lien against the property assessed, superior to  
13 all other liens and claims except liens or claims for [~~state,~~  
14 county, special [~~school~~] district, or municipality ad valorem  
15 taxes, and is a personal liability of and charge against the owners  
16 of the property regardless of whether the owners are named. The  
17 lien is effective from the date of the ordinance or order levying  
18 the assessment until the assessment is paid in full and may be  
19 enforced by the governing body in the same manner that an ad valorem  
20 tax lien against real property may be enforced by the governing  
21 body. On the sale of assessed property, any installment or portion  
22 of an assessment that is or will be payable for the property during  
23 the year of the sale shall be prorated between the buyer and the  
24 seller in the same manner as ad valorem taxes are prorated between a  
25 buyer and seller. Delinquent installments of the assessment shall  
26 incur interest, penalties, and [~~attorney's~~] fees in the same manner  
27 as delinquent ad valorem taxes.

1       (c) A district assessment on property under this subchapter  
2 runs with the land. Any portion of an assessment payment obligation  
3 that is not yet due is not eliminated by the foreclosure of an ad  
4 valorem tax lien. Any purchaser of property at a foreclosure sale  
5 under an ad valorem tax lien takes the property subject to any  
6 assessment payment obligation that is not yet due and to the terms  
7 of payment under the applicable assessment ordinance or order.

8       (d) The owner of assessed property may pay at any time on any  
9 parcel or lot the entire assessment, with interest that:

10           (1) has accrued on the assessment; and

11           (2) will accrue on the assessment until the next  
12 scheduled prepayment or redemption date on the installment purchase  
13 or reimbursement contract or temporary note, time warrant, revenue  
14 bond, special assessment bond, or certificate of obligation that  
15 secured the assessment~~[, on any lot or parcel].~~

16       Sec. 372.019. SUPPLEMENTAL ASSESSMENTS. After notice and a  
17 hearing, the governing body of the municipality or county may make  
18 supplemental assessments to correct omissions or mistakes in the  
19 assessment relating to the qualified costs ~~[total cost]~~ of the  
20 improvement. Notice must be given and the hearing held under this  
21 section in the same manner as required by Sections 372.016 and  
22 372.017.

23       Sec. 372.020. REASSESSMENT. The governing body of the  
24 municipality or county may make a reassessment or new assessment of  
25 a parcel of land if:

26           (1) a court ~~[of competent jurisdiction]~~ sets aside an  
27 assessment against the parcel;



1           (2) the governing body determines that the original  
2 assessment is excessive; or

3           (3) on the written advice of counsel, the governing  
4 body determines that the original assessment is invalid.

5           Sec. 372.021. SPECIAL IMPROVEMENT DISTRICT FUND. (a) A  
6 municipality or county that intends to create a public improvement  
7 district may by ordinance or order establish a special improvement  
8 district fund in the municipal or county treasury or in a bank  
9 designated by the municipality or county to serve as a depository  
10 bank for the district's funds.

11           (b) The municipality or county annually may levy a tax to  
12 support the fund established under this section.

13           (c) The fund may be used to:

14           (1) pay the qualified costs of improvements [~~planning,~~  
15 ~~administration, and an improvement authorized by this subchapter~~];

16           (2) prepare preliminary plans, studies, and  
17 engineering reports to determine the feasibility of improvements  
18 [~~an improvement~~]; and

19           (3) if ordered by the governing body of the  
20 municipality or county, pay the initial qualified costs of  
21 improvements [~~cost of the improvement~~] until installment purchase  
22 contracts or reimbursement contracts are entered into or temporary  
23 notes or[~~7~~] time warrants are issued or revenue bonds, special  
24 assessment bonds, or certificates of obligation are[~~7~~ ~~or~~  
25 ~~improvement bonds have been~~] issued and sold.

26           (d) The fund is not required to be budgeted for expenditure  
27 during any year, but the amount of the fund must be stated in the

1 municipality's or county's annual budget. The amount of the fund  
2 must be based on an annual service plan that describes the public  
3 improvements for the fiscal year.

4 ~~[(c) A grant-in-aid or contribution made to the~~  
5 ~~municipality or county for the planning and preparation of plans~~  
6 ~~for an improvement authorized under this subchapter may be credited~~  
7 ~~to the special improvement district fund.]~~

8 Sec. 372.022. SEPARATE FUNDS. (a) A separate public  
9 improvement district fund shall be created in the municipal or  
10 county treasury or in a designated depository bank as provided by  
11 Section 372.021 for each district.

12 (b) The following revenues shall be deposited to the fund:

13 (1) special assessments;

14 (2) money, if any, contributed by the municipality or  
15 county to pay qualified costs;

16 (3) proceeds [~~Proceeds~~] from the sale of revenue  
17 bonds, if payable in part from special assessments;

18 (4) proceeds from the sale of special assessment bonds  
19 or certificates of obligation; [~~temporary notes, and time~~  
20 ~~warrants,~~] and

21 (5) any other sums appropriated to the fund by the  
22 governing body of the municipality or county for the district  
23 [shall be credited to the fund].

24 (c) The fund may be used solely to pay:

25 (1) qualified costs of improvement;

26 (2) amounts due on an installment purchase contract or  
27 reimbursement amounts owed under a reimbursement contract,

1 temporary note, or time warrant; or

2 (3) any revenue bonds, special assessment bonds, or  
3 certificates of obligation that are payable in whole or in part from  
4 special assessments levied under this subchapter [~~incurred in~~  
5 ~~making an improvement~~].

6 (d) When an improvement is completed and all of the  
7 obligations are paid in full, the balance on deposit in the special  
8 improvement district fund that was derived from special  
9 assessments, if any, [~~of the part of the assessment that is for~~  
10 ~~improvements~~] shall be transferred to a [the] fund established for  
11 the retirement of bonds that are payable in whole or in part from  
12 assessments.

13 Sec. 372.023. PAYMENT OF QUALIFIED COSTS. (a) The  
14 qualified costs [~~cost~~] of an improvement made under this subchapter  
15 may [~~must~~] be paid by a method or by a combination of methods  
16 described by [~~in accordance with~~] this section and Section 372.024.

17 (b) The [~~A cost payable by the~~] municipality or county [~~as a~~  
18 ~~whole~~] may, on its own or under an installment purchase,  
19 reimbursement, or other contract with a third party:

20 (1) erect, acquire, construct, improve, repair,  
21 establish, install, or equip improvements; and

22 (2) pay all or part of the qualified costs of the  
23 improvements [~~be paid~~] from:

24 (A) general funds or other revenues available for  
25 that [~~the~~] purpose;

26 (B) special assessments; or

27 (C) the issuance and sale of general obligation

1 bonds, certificates of obligation, revenue bonds, or special  
2 assessment bonds [~~other available general funds~~].

3 (c) The municipality or county may enter into and execute an  
4 installment purchase or reimbursement contract with or may deliver  
5 a nonnegotiable but transferable temporary note or time warrant to  
6 a third party under which:

7 (1) the third party agrees to:

8 (A) erect, acquire, construct, improve, repair,  
9 establish, install, or equip public improvements; and

10 (B) dedicate or sell the improvements to the  
11 municipality, county, or authorized instrumentality; and

12 (2) the municipality, county, or authorized  
13 instrumentality agrees to pay or reimburse the third party for the  
14 qualified costs by paying accumulated amounts due under the  
15 installment purchase or reimbursement contract, temporary note, or  
16 time warrant from any and all of the sources described by Subsection  
17 (b)(2) [A cost payable from a special assessment that has been paid  
18 in full shall be paid from that assessment].

19 (d) Subject to Section 372.018, an installment purchase or  
20 reimbursement contract, temporary note, or time warrant may bear  
21 interest at a rate and for a period determined by the governing body  
22 of the municipality or county [A cost payable from a special  
23 assessment that is to be paid in installments and a cost payable by  
24 the municipality or county as a whole but not payable from available  
25 general funds or other available general improvement funds shall be  
26 paid by the issuance and sale of revenue or general obligation  
27 bonds].

1           (e) An installment purchase or reimbursement contract,  
2 temporary note, or time warrant that is payable from installments  
3 of assessments is subject to prepayment and redemption at any time  
4 from the proceeds of prepayment of assessments made by a property  
5 owner under Section 372.018(d) [~~While an improvement is in~~  
6 ~~progress, the governing body of the municipality or county may~~  
7 ~~issue temporary notes or time warrants to pay for the costs of the~~  
8 ~~improvement and, on completion of the improvement, issue revenue or~~  
9 ~~general obligation bonds.~~

10           [~~(f) The cost of more than one improvement may be paid from a~~  
11 ~~single issue and sale of bonds without other consolidation~~  
12 ~~proceedings before the bond issue.~~

13           [~~(g) The costs of any improvement include all costs incurred~~  
14 ~~in connection with the issuance of bonds under Section 372.024 and~~  
15 ~~may be included in the assessments against the property in the~~  
16 ~~improvement district as provided by this subchapter].~~

17           Sec. 372.024. GENERAL OBLIGATION BONDS, [~~AND~~] REVENUE AND  
18 SPECIAL ASSESSMENT BONDS, CERTIFICATES OF OBLIGATION, AND BONDS  
19 ISSUED BY AUTHORIZED INSTRUMENTALITY. (a) The governing body of a  
20 municipality or county may issue:

21                 (1) general [~~General~~] obligation bonds [~~issued to pay~~  
22 ~~costs under Section 372.023(d) must be issued~~] under [~~the~~  
23 ~~provisions of~~] Subtitles A and C, Title 9, Government Code;

24                 (2) revenue bonds or special assessment bonds in one  
25 or more series; and

26                 (3) certificates of obligation under Subchapter C,  
27 Chapter 271.

1       (b) A bond or obligation described by Subsection (a) may be  
2 issued to:

3           (1) pay qualified costs under Section 372.023(b),  
4 including the costs of issuing bonds; and

5           (2) pay or refund obligations executed or issued under  
6 Section 372.023(c).

7       (c) Certificates of obligation may be payable from and  
8 secured by installment payments of special assessments levied under  
9 this subchapter.

10       (d) The governing body of the municipality or county or the  
11 authorized instrumentality may include any term or provision  
12 consistent with this subchapter in a revenue bond or a special  
13 assessment bond issued under this section.

14       (e) The governing body of a municipality or county may  
15 incorporate an authorized instrumentality to act on its behalf to  
16 issue revenue bonds or special assessment bonds under this section.  
17 The governing body may enter into agreements and contracts with the  
18 authorized instrumentality to transfer pledged revenues, funds,  
19 and special assessments to or for the account of the authorized  
20 instrumentality at the times and as required by the terms of the  
21 resolution authorizing the issuance of the revenue bonds or special  
22 assessment bonds. Any bonds issued by an authorized  
23 instrumentality must be approved by the governing body of the  
24 municipality or county before issuance and delivery to the  
25 purchaser.

26       (f) To the extent consistent with this subchapter, an  
27 authorized instrumentality shall issue revenue bonds or special

1 assessment bonds under:

2 (1) Chapter 303, if the authorized instrumentality is  
3 a public facility corporation; or

4 (2) Subchapter D, Chapter 431, Transportation Code, if  
5 the authorized instrumentality is a local government corporation  
6 ~~[Revenue bonds issued to pay costs under that subsection may be~~  
7 ~~issued from time to time in one or more series and are to be payable~~  
8 ~~from and secured by liens on all or part of the revenue derived from~~  
9 ~~improvements authorized under this subchapter, including revenue~~  
10 ~~derived from installment payments of special assessments].~~

11 Sec. 372.0241. SPECIAL ASSESSMENT PUBLIC IMPROVEMENT  
12 DISTRICT MANAGEMENT POLICY. (a) The governing body of a  
13 municipality or county may develop, adopt, and amend a special  
14 assessment public improvement district management policy.

15 (b) The policy may establish the general requirements and  
16 standards for and the preconditions to:

17 (1) the creation of a public improvement district  
18 under this subchapter;

19 (2) the execution and issuance of installment purchase  
20 or reimbursement contracts or temporary notes or time warrants; and

21 (3) the issuance of any bonds or certificates of  
22 obligation payable in whole or in part from special assessments.

23 (c) If a management policy is adopted, compliance with the  
24 terms of the policy, including any amendments to the policy, is  
25 required for:

26 (1) the execution of any installment purchase or  
27 reimbursement contracts or temporary notes or time warrants;

1           (2) the issuance of any revenue bonds or special  
2 assessment bonds by the municipality or county or by an authorized  
3 instrumentality; and

4           (3) the issuance of any certificates of obligation by  
5 a municipality or county.

6           Sec. 372.025. TERMS AND CONDITIONS OF BONDS. (a) Revenue  
7 bonds and special assessment bonds issued under Section 372.024  
8 must be authorized by:

9           (1) ordinance, if issued by a municipality;

10          (2) order, if issued by a county; and

11          (3) resolution, if issued by an authorized  
12 instrumentality.

13          (b) Revenue bonds and special assessment bonds may be issued  
14 to mature serially or in any other manner but must mature not later  
15 than 40 years after their date. A provision may be made for the  
16 subsequent issuance of additional parity bonds or subordinate lien  
17 bonds secured in whole or in part by any assessments or any other  
18 revenues authorized by this subchapter under terms and conditions  
19 specified in the ordinance, ~~or~~ order, or resolution authorizing  
20 the issuance of the bonds.

21          (c) Revenue bonds, special assessment bonds, and  
22 certificates of obligation may be subject to redemption before  
23 maturity at the option of the issuer and at the times and in the  
24 manner provided by the ordinance, order, or resolution authorizing  
25 the issuance. Revenue bonds and certificates of obligation that  
26 are secured in part by a pledge of special assessments and all  
27 special assessment bonds are subject to mandatory redemption at



1 least semiannually from funds provided by assessed parties, if any,  
2 as prepayment of installments of special assessments under Section  
3 372.018(d).

4 (d) Revenue bonds and special assessment bonds shall be  
5 executed in the manner and by the persons required by the ordinance,  
6 order, or resolution authorizing the issuance.

7 (e) Revenue bonds and special assessment [~~(b) The~~] bonds  
8 [~~shall be executed and the bonds~~] and any interest coupons  
9 appertaining to the bonds [~~them~~] are negotiable instruments within  
10 the meaning and for all purposes of the Uniform Commercial Code  
11 (Section 1.101 et seq., Business & Commerce Code).

12 (f) The ordinance, [or] order, or resolution authorizing  
13 the issuance of the revenue bonds or special assessment bonds must  
14 specify:

15 (1) whether the bonds may be registered [~~are issued~~  
16 ~~registrable~~] as to principal alone or as to both principal and  
17 interest;

18 (2) whether the bonds are redeemable before maturity;

19 (3) the form, denomination, and manner of issuance;

20 (4) the terms, conditions, and other details applying  
21 to the bonds including the price, terms, and interest rates on the  
22 bonds; and

23 (5) the manner of sale of the bonds.

24 (g) [or] The ordinance, [~~or~~] order, or resolution  
25 authorizing the issuance of the bonds may specify that the proceeds  
26 from the sale of the bonds:

27 (1) be used to pay interest on the bonds during and

1 after the period of acquisition or construction of an improvement  
2 financed through the sale of the bonds;

3 (2) be used for creating a reserve fund for payment of  
4 the principal of and interest on the bonds and for creating other  
5 funds; ~~and~~

6 (3) be used for the payment of any other qualified  
7 costs as determined by the governing body of the municipality or  
8 county or by the authorized instrumentality; and

9 (4) may be placed in time deposit or invested, until  
10 needed.

11 Sec. 372.026. PLEDGES. (a) For the payment of ~~bonds~~  
12 ~~issued under this subchapter and the payment of~~ principal,  
13 interest, and any other amounts payable on or with respect to any  
14 bonds issued by a municipality or county under this subchapter  
15 ~~[required or permitted in connection with the bonds]~~, the governing  
16 body of the municipality or county may pledge:

17 (1) all or part of the income from improvements  
18 financed under this subchapter, including income received in  
19 installment payments from special assessments; and

20 (2) if the payment is for the payment of revenue bonds,  
21 any other revenue described by Subsection (e) [under Section  
22 372.023].

23 (b) For the payment of principal, interest, and any other  
24 amounts payable on or with respect to bonds issued by an authorized  
25 instrumentality under this subchapter, the authorized  
26 instrumentality may pledge all or part of the assessments or other  
27 revenues, if any, that are to be transferred and paid to the

1 authorized instrumentality by the municipality or county under an  
 2 agreement entered into between the parties under Section  
 3 372.024(e).

4 (c) Pledged income must be [~~fixed and collected in amounts~~]  
 5 sufficient, with other pledged resources, if any, to pay principal,  
 6 interest, and other expenses related to the bonds, and to the extent  
 7 required by the ordinance, [~~or~~] order, or resolution authorizing  
 8 the bonds, to pay for the operation, maintenance, and other  
 9 expenses related to improvements authorized by this subchapter.

10 (d) Bonds issued by a municipality or county [~~(c) The~~  
 11 ~~bonds~~] may also be secured by mortgages or deeds of trust on any  
 12 real property related to the facilities authorized under this  
 13 subchapter that are owned or are to be acquired by the municipality  
 14 or county and by chattel mortgages, liens, or security interests on  
 15 any personal property appurtenant to that real property. The  
 16 governing body may authorize the execution of trust indentures,  
 17 mortgages, deeds of trust, or other forms of encumbrances as  
 18 evidence of the security interest of the holders of the bonds in the  
 19 related property [~~indebtedness~~].

20 (e) [~~(d)~~] The governing body may pledge to the payment of  
 21 certificates of obligation issued by the governing body or to the  
 22 payment of revenue bonds issued by the governing body or by an  
 23 authorized instrumentality all or part of a grant, donation,  
 24 revenue, or income received or to be received from the government of  
 25 the United States or any other public or private source, whether or  
 26 not it is received pursuant to an agreement or otherwise, including  
 27 impact fees and incremental ad valorem tax revenues collected by a

1 municipality or by another taxing unit and municipal sales tax  
 2 collected by a municipality from all or part of a tax increment  
 3 reinvestment zone created under Chapter 311, Tax Code.

4       Sec. 372.027. REFUNDING BONDS. (a) Revenue bonds and  
 5 special assessment bonds issued under this subchapter and  
 6 certificates of obligation payable solely from special assessments  
 7 may be refunded or refinanced by the issuance of refunding bonds,  
 8 under terms or conditions provided [~~set forth~~] in the ordinance,  
 9 order, or resolution authorizing the issuance [~~ordinances or~~  
 10 ~~orders~~] of the [~~municipality or county issuing the~~] bonds. The  
 11 provisions of this subchapter applying generally to revenue bonds  
 12 and special assessment bonds, including provisions related to the  
 13 issuance of those bonds, apply to refunding bonds of like kind  
 14 authorized by this section. The refunding bonds may be sold and  
 15 delivered in amounts necessary to pay [~~for~~] the principal,  
 16 interest, and any redemption premium of the bonds [~~to be refunded~~],  
 17 on the date of the maturity of the bonds [~~bond~~] or any redemption  
 18 date of the bonds [~~bond~~].

19       (b) Refunding bonds may be issued for exchange with the  
 20 bonds they are refunding. The comptroller of public accounts shall  
 21 register refunding bonds described by this subsection and deliver  
 22 the bonds to holders of bonds being refunded in accordance with the  
 23 ordinance, [~~or~~] order, or resolution authorizing the issuance of  
 24 refunding bonds. The exchange may be made in one delivery or  
 25 several installment deliveries.

26       (c) General obligation bonds and certificates of obligation  
 27 issued under this subchapter may be refunded in the manner provided

1 by law.

2           Sec. 372.028. APPROVAL AND REGISTRATION. (a) Revenue  
3 bonds and special assessment bonds issued under this subchapter and  
4 a record of the proceedings authorizing their issuance must be  
5 submitted to the attorney general for examination. If revenue  
6 bonds state that they are secured by a pledge of revenue or rentals  
7 from a contract or lease, a copy of the contract or lease and a  
8 description of the proceedings authorizing the contract or lease  
9 must also be submitted to the attorney general.

10           (b) If the attorney general determines that the bonds were  
11 authorized and the contracts or leases related to the bonds were  
12 made in accordance with the law, the attorney general shall approve  
13 the bonds and the contract or lease. After [~~On the approval of~~] the  
14 attorney general approves the bonds and the contract or lease, the  
15 comptroller of public accounts shall register the bonds.

16           (c) Bonds and contracts or leases approved and registered  
17 under this section are:

18                 (1) valid and binding obligations for all purposes in  
19 accordance with their terms; and

20                 (2) [~~are~~] incontestable in any court or other forum.

21           (d) General obligation bonds and certificates of obligation  
22 issued under this subchapter shall be approved and registered as  
23 provided by law.

24           Sec. 372.029. AUTHORIZED INVESTMENTS; SECURITY.

25 (a) Bonds issued under this subchapter are legal and authorized  
26 investments for:

27                 (1) banks, trust companies, and savings and loan

1 associations;

2 (2) all insurance companies;

3 (3) fiduciaries, trustees, and guardians; and

4 (4) interest funds, sinking funds, and other public  
5 funds of the state or of an agency, subdivision, or instrumentality  
6 of the state, including a county, municipality, school district, or  
7 other district, public agency, or body politic.

8 (b) Bonds issued under this subchapter may be security for  
9 deposits of public funds of the state or of an agency, subdivision,  
10 or instrumentality of the state, including a county, municipality,  
11 school district, or other district, public agency, or body politic,  
12 to the extent of the market value of the bonds, if accompanied by  
13 any appurtenant [~~unmatured~~] interest coupons that have not matured.

14 Sec. 372.030. SUBCHAPTER NOT EXCLUSIVE. This subchapter is  
15 an alternative to other methods by which a municipality may finance  
16 public improvements under applicable law [~~by assessing property~~  
17 ~~owners~~].

18 SECTION 2. Section 61.0572, Education Code, is amended by  
19 adding Subsection (f) to read as follows:

20 (f) Approval of the board is not required for buildings or  
21 other facilities financed by a public improvement district under  
22 Subchapter A, Chapter 372, Local Government Code.

23 SECTION 3. Section 61.058, Education Code, is amended by  
24 adding Subsection (c) to read as follows:

25 (c) This section does not apply to construction, repair, or  
26 rehabilitation of buildings or other facilities financed by a  
27 public improvement district under Subchapter A, Chapter 372, Local

1 Government Code.

2           SECTION 4. All governmental acts and proceedings of a  
3 governmental body of a municipality or county under Subchapter A,  
4 Chapter 372, Local Government Code, as that subchapter existed  
5 before the effective date of this Act, to establish a public  
6 improvement district, designate improvements, levy assessments,  
7 and finance costs of improvements in response to a petition filed  
8 with the governing body that conformed to the requirements of  
9 Section 372.005, Local Government Code, as that section existed  
10 before the effective date of this Act, are validated and confirmed  
11 in all respects.

12           SECTION 5. This Act takes effect immediately if it receives  
13 a vote of two-thirds of all the members elected to each house, as  
14 provided by Section 39, Article III, Texas Constitution. If this  
15 Act does not receive the vote necessary for immediate effect, this  
16 Act takes effect September 1, 2009.