

By: West

S.B. No. 978

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the creation and financing of public improvement
3 districts.

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

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

7 SUBCHAPTER A. PUBLIC IMPROVEMENT DISTRICTS

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

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

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

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

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

23 (A) consists of one or more contiguous or
24 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, and operating a public
6 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; and

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

23 (5) "Revenue bonds" means bonds, notes, or other
24 securities issued by a municipality, county, or authorized
25 instrumentality that are payable from and secured by liens on all or
26 part, or a combination of, the revenue derived from installment
27 payments of special assessments plus any other revenues, donations,

1 grants, or income described by Section 372.026(e).

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

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

10 (b) Powers granted under this subchapter in an area
11 comprising a public improvement district may be exercised by a
12 municipality or county on and after the date [~~in which~~] the
13 governing body of the municipality or county [~~initiates or~~]
14 receives a petition requesting the establishment of a public
15 improvement district that complies[~~. A petition must comply~~] with
16 the requirements of Section 372.005.

17 (c) The powers granted under this subchapter may be
18 exercised by the governing body of any other political subdivision
19 if the law creating or governing the political subdivision grants
20 the political subdivision authority described by this subchapter.
21 The governing body of the political subdivision has the same powers
22 and is subject to the same limitations as are applicable to the
23 governing body of a municipality or a county under this subchapter
24 unless and except as modified by the law creating or governing the
25 political subdivision.

26 Sec. 372.003. AUTHORIZED IMPROVEMENTS AND SERVICES.

27 (a) If the governing body of a municipality or county finds that it

1 promotes the interests of the municipality or county, the governing
 2 body may create one or more public improvement districts under this
 3 subchapter and undertake one or more ~~[an]~~ improvement projects
 4 ~~[project]~~ that confer ~~[confers]~~ a special benefit on the property
 5 located in the public improvement district ~~[a definable part of the~~
 6 ~~municipality or county or the municipality's extraterritorial~~
 7 ~~jurisdiction]~~. A project may be undertaken within or outside the
 8 district in the municipality or county or in the municipality's
 9 extraterritorial jurisdiction.

10 (b) A public improvement project may include:

11 (1) landscaping;

12 (2) erection of fountains, distinctive lighting, and
 13 signs;

14 (3) acquiring, constructing, improving, repairing,
 15 widening, ~~[narrowing,~~ closing, or rerouting of sidewalks or of
 16 streets, roads, highways, bridges, culverts, water retention
 17 walls, [any other roadways, or related ~~[their]~~ rights-of-way owned
 18 by or to be conveyed to the municipality, the county, the federal
 19 government, or another political subdivision or entity exercising
 20 powers granted under this subchapter;

21 (4) construction or improvement of pedestrian malls;

22 (5) acquisition and installation of pieces of art;

23 (6) acquisition, construction, or improvement of
 24 ~~[libraries,~~

25 ~~[(7) acquisition, construction, or improvement of]~~
 26 off-street parking facilities;

27 (7) ~~[(8)]~~ acquisition, construction, or improvement~~[,~~

1 ~~or rerouting]~~ of mass transportation facilities, including light
2 rail mass transit, street car, or similar systems, and related
3 vehicle parking facilities;

4 (8) [~~9~~] acquisition, construction, or improvement
5 of water, wastewater, or drainage facilities or improvements;

6 (9) [~~10~~] the establishment or improvement of parks,
7 playgrounds, lakes, and open spaces, including paths, trails, boat
8 docks, and wharves;

9 (10) acquisition of school buildings and related
10 facilities, which may be leased by or purchased by the school
11 district, for use in the educational system as authorized by the
12 board of trustees of the school district;

13 (11) acquisition, construction, or improvement of
14 other public projects that are determined by the municipality or
15 county to promote the interests of the municipality or county and to
16 be of a special benefit to the public improvement district,
17 including:

18 (A) community centers, recreation centers, and
19 recreation facilities;

20 (B) libraries;

21 (C) facilities for police, sheriffs, or
22 firefighters;

23 (D) municipal or county administration centers;

24 and

25 (E) other governmental buildings for the
26 provision of governmental services;

27 (12) acquisition, construction, or improvement of

1 other public projects, facilities, or services required by a
2 development agreement, interlocal agreement, zoning regulation, or
3 permit issued by a municipality or county having jurisdiction in
4 the public improvement district;

5 (13) [~~(11)~~] ~~projects similar to those listed in~~
6 ~~Subdivisions (1)-(10);~~

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

9 (14) [~~(13)~~] special supplemental services for
10 improvement and promotion of the district, including services
11 relating to:

- 12 (A) advertising;
- 13 (B) [~~(1)~~] promotion;
- 14 (C) [~~(1)~~] health and sanitation;
- 15 (D) [~~(1)~~] water and wastewater;
- 16 (E) enhanced fire protection, police, sheriff,
17 and other [~~(1)~~] public safety and [~~(1)~~] security;

18 (F) [~~(1)~~] business recruitment;

19 (G) [~~(1)~~] development;

20 (H) [~~(1)~~] recreation; [~~(1)~~] and

21 (I) cultural enhancement [~~(1)~~ and

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

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

27 (d) A municipality that exercises powers under this

1 subchapter may establish a public improvement district in the
2 corporate limits or the extraterritorial jurisdiction of the
3 municipality. A county or other political subdivision that
4 exercises powers under this subchapter may establish a public
5 improvement district in the county or the area of the political
6 subdivision, including in the corporate limits or the
7 extraterritorial jurisdiction of a municipality unless within 30
8 days after the date notice is provided to the municipality of an [~~a~~
9 ~~county's~~] action to approve [~~such~~] a public improvement district,
10 the [~~a home rule~~] municipality objects to the district's [~~its~~]
11 establishment within the municipality's corporate limits or
12 extraterritorial jurisdiction.

13 Sec. 372.004. COMBINED IMPROVEMENTS. A public [~~An~~]
14 improvement project may consist of an improvement on more than one
15 street or of more than one type of improvement. An improvement [~~A~~]
16 project described by this section may be included in one proceeding
17 and financed as one improvement project.

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)~~]~~ the private sector;~~]~~ 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 [~~r~~] before establishing a public improvement
14 district [~~, 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, a
9 property owner in the district may request the governing body of the
10 municipality or county to include the owner's property in the
11 boundaries of the district if the owner agrees the property is
12 benefited by the proposed improvements or exclude the owner's
13 property from the boundaries of the district if the owner
14 determines the property is not benefited by the proposed
15 improvements. The governing body shall publish notice of the
16 owner's request and hold a public hearing as provided under Section
17 372.009 to make findings by resolution as to the boundaries of the
18 district. The governing body shall confirm or adjust the
19 boundaries. The governing body's findings under this subsection
20 are conclusive.

21 (e) Before the levy of assessments under Section 372.017,
22 the property owners in the district who signed the original
23 petition may petition the governing body to amend the resolution
24 creating the district adopted under Subsection (a) to amend the
25 estimated qualified costs of the improvements, including adding or
26 deleting improvement projects. The governing body shall publish
27 notice of the amended resolution in accordance with Subsection (b).

1 A county or other entity that proposes to amend a resolution under
2 this subsection in the corporate boundaries or extraterritorial
3 jurisdiction of a municipality shall provide notice to the
4 municipality on or before the 30th day before the date the entity
5 amends the resolution.

6 Sec. 372.011. DISSOLUTION. (a) A public hearing may be
7 [~~called and~~] held after giving notice in the same manner as a
8 hearing under Section 372.009 for the purpose of dissolving a
9 district if a petition requesting dissolution is filed and the
10 petition contains the signatures of at least enough property owners
11 in the district to make a petition sufficient under Section
12 372.005(b). If the district is dissolved, the district nonetheless
13 shall remain in effect for the purpose of meeting obligations of
14 indebtedness for improvements.

15 (b) A district may be dissolved at the discretion of the
16 governing body without a petition only if no assessments have been
17 levied on property in the district or if assessments previously
18 levied have been paid in full and the district has no other
19 outstanding obligations. A dissolution under this subsection may
20 not occur until after the governing body holds a hearing and gives
21 notice in the manner required by Section 372.009.

22 Sec. 372.012. AREA OF DISTRICT. The area of a public
23 improvement district to be assessed according to the findings of
24 the governing body of the municipality or county establishing the
25 boundaries may include contiguous and noncontiguous tracts of land
26 and may be less than the area described in the proposed boundaries
27 stated by the notice under Section 372.009. The area to be assessed

1 may not include property not described by the notice as being within
2 the proposed boundaries of the district unless a hearing is held to
3 include the property and notice for the hearing is given in the same
4 manner as notice under Section 372.009.

5 Sec. 372.013. SERVICE PLAN. (a) The advisory body shall
6 prepare an ongoing service plan and present the plan to the
7 governing body of the municipality or county for review and
8 approval. The governing body may assign responsibility for the
9 plan to the employees of the governing body or an authorized
10 instrumentality or to another entity instead [~~in the absence~~] of an
11 advisory body.

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

15 (c) The plan shall be reviewed and updated annually for the
16 purpose of determining the annual budget for improvements. As part
17 of the annual update, a revised assessment roll must be prepared to
18 reflect any division of parcels and any reallocation of assessments
19 based on the division.

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

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

27 (c) The assessment plan may require the district to be

1 divided into development phases and may levy assessments
2 periodically in separate development phases or may stagger the
3 collection of assessments, with different development phases in the
4 district assigned different payment and collection dates. The
5 development phases and staggered collection dates may be
6 coordinated with the installation of the improvements or with the
7 maturity dates of installation purchase or reimbursement contract
8 obligations or with temporary notes, time warrants, or bonds. [An
9 assessment paid by the municipality or county under this subsection
10 is considered to have been paid by special assessment for the
11 purposes of Subsection (a).]

12 Sec. 372.015. DETERMINATION OF ASSESSMENT. (a) The
13 governing body of the municipality or county shall apportion the
14 qualified costs [~~cost~~] of an improvement to be assessed against
15 property in a public [~~an~~] improvement district. The apportionment
16 shall be made on the basis of special benefits accruing to the
17 property because of the improvement.

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

- 20 (1) equally per front foot or square foot;
21 (2) according to the value of the property as
22 determined by the governing body, with or without regard to
23 improvements on the property; or
24 (3) in any other manner that results in imposing equal
25 shares of the qualified costs [~~cost~~] on property similarly
26 benefitted.

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

1 (1) reasonable classifications and formulas for the
2 apportionment of the qualified costs [~~cost~~] between the
3 municipality or county and the area to be assessed; and

4 (2) the methods of assessing the special benefits for
5 various classes of improvements.

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

7 (1) adjusted following the annual review of the
8 service plan; and

9 (2) reallocated, but not increased, if an assessed
10 parcel has been divided.

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

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

15 Sec. 372.016. ASSESSMENT ROLL. (a) The [~~After the total~~
16 ~~cost of an improvement is determined, the governing body of the~~]
17 municipality or county shall prepare a proposed assessment roll
18 based on the estimated qualified costs of the improvements. The
19 roll must state the assessment against each parcel of land in the
20 district and [~~as determined by~~] the method of assessment [~~chosen~~
21 ~~by the municipality or county under this subchapter~~].

22 (b) The [~~governing body shall file the~~] proposed assessment
23 roll must be filed with the municipal secretary or other officer
24 performing the functions of the municipal secretary or in a
25 district formed by a county, the county tax assessor-collector.
26 The proposed assessment roll is subject to public inspection. When
27 the assessment roll is filed, the appropriate designated officer

1 described by this subsection shall [~~The governing body shall~~
2 ~~require the municipal secretary or other officer or county tax~~
3 ~~assessor-collector to~~] publish notice of the governing body's
4 intention to consider the proposed assessments at a public hearing.
5 The notice must be published in a newspaper of general circulation
6 in the municipality or county before the 10th day before the date of
7 the hearing. If any part of the public improvement district is
8 located in the municipality's extraterritorial jurisdiction or if
9 any part of the improvements is to be undertaken in the
10 municipality's extraterritorial jurisdiction, the notice must also
11 be published, before the 10th day before the date of the hearing, in
12 a newspaper of general circulation in the part of the
13 extraterritorial jurisdiction in which the district is located or
14 in which the improvements are to be undertaken. The notice must
15 state:

- 16 (1) the date, time, and place of the hearing;
- 17 (2) the general nature of the improvements
18 [~~improvement~~];
- 19 (3) the qualified costs [~~cost~~] of the improvements
20 [~~improvement~~];
- 21 (4) the boundaries of the [~~assessment~~] district; and
- 22 (5) that written or oral objections will be considered
23 at the hearing.

24 (c) When the assessment roll is filed under Subsection (b),
25 the appropriate designated [~~municipal secretary or other~~] officer
26 shall mail to the owners of property liable for assessment a notice
27 of the hearing. The notice must contain the information required by

1 Subsection (b) and the appropriate designated [~~secretary or other~~]
2 officer shall mail the notice to the last known address of the
3 property owner. The failure of a property owner to receive notice
4 does not invalidate the proceeding.

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

- 10 (1) amend a proposed assessment on any parcel; and
11 (2) initially or by amendment, provide for reductions
12 of the amount of the annual assessment installments if and to the
13 extent other revenues of the municipality or county of any of the
14 types described by Section 372.026(e) are pledged or become
15 available to pay all or part of installment purchase or
16 reimbursement contract obligations or temporary notes, time
17 warrants, revenue bonds, special assessment bonds, or certificates
18 of obligation that are payable in whole or in part from the
19 assessment installments.

20 (b) After all objections have been heard and the governing
21 body has passed on the objections, the governing body by ordinance
22 or order shall levy the assessment in the amount required to pay
23 qualified costs as a special assessment on the property. The
24 governing body by ordinance or order shall specify the method of
25 payment of the assessment. The governing body may provide that
26 assessments be paid in periodic installments. The installments may
27 be in equal or different annual amounts, but must be in amounts each

1 year necessary to meet annual qualified costs. The installments
2 [for improvements and] must continue for a period and be in amounts
3 necessary to retire any [the] indebtedness or obligation to pay or
4 reimburse for the qualified costs, including the proper
5 administration of the district [on the improvements]. The
6 obligation to pay installments may be conditioned on the occurrence
7 of a future event or condition if the first periodic installment
8 payment of the assessment occurs on a date not later than the fifth
9 anniversary of the date the assessment was levied.

10 (c) The governing body may:

11 (1) levy multiple assessments on property in the
12 district to finance all or part of public improvements;

13 (2) execute and deliver installment purchase or
14 reimbursement contracts or temporary notes or time warrants or
15 issue revenue bonds, special assessment bonds, or certificates of
16 obligation to pay the qualified costs or to refund previously
17 executed installment purchase or reimbursement contracts or
18 temporary notes or time warrants; and

19 (3) secure the obligations described by Subdivision
20 (2) by pledging one or more of the assessments levied under this
21 subchapter.

22 Sec. 372.018. INTEREST ON ASSESSMENT; LIEN. (a) An
23 assessment bears interest at the rate and for the period specified
24 by the governing body of the municipality or county, but may not
25 exceed a rate that is [one-half of] one percent higher than the
26 actual interest rate paid on any installment purchase or
27 reimbursement contract obligation or temporary note or time warrant

1 ~~[the public debt]~~ used to finance or to evidence an obligation to
2 pay for the improvement. If revenue bonds, special assessment
3 bonds, or certificates of obligation are issued to pay or refund any
4 of the obligations described by this subsection, the annual
5 interest rate is adjusted to a rate not to exceed one percent higher
6 than the actual rate paid on the bonds or certificates, if the rate
7 is lower than the rate on the obligations. Interest on the
8 assessment between the effective date of the ordinance or order
9 levying the assessment and the date the first installment is
10 payable shall be added to the first installment. The interest on
11 any delinquent installment shall be added to each subsequent
12 installment until all delinquent installments are paid. The added
13 interest payable on an installment purchase or reimbursement
14 contract or a temporary note, time warrant, or bond under this
15 subsection may be used by a municipality or county to pay qualified
16 costs of improvements or the costs of administration of the
17 district, including the enforcement of assessments or the payment
18 or prepayment of obligations.

19 (b) An assessment or reassessment, with interest, the
20 expense of collection, and reasonable attorney's fees, if incurred,
21 is a first and prior lien against the property assessed, superior to
22 all other liens and claims except liens or claims for ~~[state,~~
23 county, school district, hospital district, community or junior
24 college district, or municipality ad valorem taxes, and is a
25 personal liability of and charge against the owners of the property
26 regardless of whether the owners are named. The lien is effective
27 from the date of the ordinance or order levying the assessment until

1 the assessment is paid in full and may be enforced by the governing
2 body in the same manner that an ad valorem tax lien against real
3 property may be enforced by the governing body. On the sale of
4 assessed property, any installment or portion of an assessment that
5 is or will be payable for the property during the year of the sale
6 shall be prorated between the buyer and the seller in the same
7 manner as ad valorem taxes are prorated between a buyer and seller.
8 Delinquent installments of the assessment shall incur interest,
9 penalties, and ~~[attorney's]~~ fees in the same manner as delinquent
10 ad valorem taxes.

11 (c) A district assessment on property under this subchapter
12 runs with the land. Any portion of an assessment payment obligation
13 that is not yet due is not eliminated by the foreclosure of an ad
14 valorem tax lien. Any purchaser of property at a foreclosure sale
15 under an ad valorem tax lien takes the property subject to any
16 assessment payment obligation that is not yet due and to the terms
17 of payment under the applicable assessment ordinance or order.

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

20 (1) has accrued on the assessment; and

21 (2) will accrue on the assessment until the next
22 scheduled prepayment or redemption date on the installment purchase
23 or reimbursement contract or temporary note, time warrant, revenue
24 bond, special assessment bond, or certificate of obligation that
25 secured the assessment ~~[, on any lot or parcel]~~.

26 Sec. 372.019. SUPPLEMENTAL ASSESSMENTS. After notice and a
27 hearing, the governing body of the municipality or county may make

1 supplemental assessments to correct omissions or mistakes in the
2 assessment relating to the qualified costs [~~total cost~~] of the
3 improvement. Notice must be given and the hearing held under this
4 section in the same manner as required by Sections 372.016 and
5 372.017.

6 Sec. 372.020. REASSESSMENT. The governing body of the
7 municipality or county may make a reassessment or new assessment of
8 a parcel of land if:

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

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

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

15 Sec. 372.021. SPECIAL IMPROVEMENT DISTRICT FUND. (a) A
16 municipality or county that intends to create a public improvement
17 district may by ordinance or order establish a special improvement
18 district fund in the municipal or county treasury or in a bank
19 designated by the municipality or county to serve as a depository
20 bank for the district's funds.

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

23 (c) The fund may be used to:

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

26 (2) prepare preliminary plans, studies, and
27 engineering reports to determine the feasibility of improvements

1 ~~[an improvement]~~; and

2 (3) if ordered by the governing body of the
3 municipality or county, pay the initial qualified costs of
4 improvements ~~[cost of the improvement]~~ until installment purchase
5 contracts or reimbursement contracts are entered into or temporary
6 notes or~~[r]~~ time warrants are issued or revenue bonds, special
7 assessment bonds, or certificates of deposit are~~[, or improvement~~
8 ~~bonds have been]~~ issued and sold.

9 (d) The fund is not required to be budgeted for expenditure
10 during any year, but the amount of the fund must be stated in the
11 municipality's or county's annual budget. The amount of the fund
12 must be based on an annual service plan that describes the public
13 improvements for the fiscal year.

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

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

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

23 (1) special assessments;

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

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

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

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

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

8 (1) qualified costs of improvement;

9 (2) amounts due on an installment purchase contract or
10 reimbursement amounts owed under a reimbursement contract,
11 temporary note, or time warrant; or

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

16 (d) When an improvement is completed and all of the
17 obligations are paid in full, the balance on deposit in the special
18 improvement district fund that was derived from special
19 assessments, if any, ~~[of the part of the assessment that is for~~
20 ~~improvements]~~ shall be transferred to a [the] fund established for
21 the retirement of bonds that are payable in whole or in part from
22 assessments.

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

27 (b) The ~~[A cost payable by the]~~ municipality or county ~~[as a~~

1 ~~whole]~~ may, on its own or under an installment purchase,
2 reimbursement, or other contract with a third party:

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

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

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

9 (B) special assessments; or

10 (C) the issuance and sale of general obligation
11 bonds, certificates of obligation, revenue bonds, or special
12 assessment bonds ~~[other available general funds].~~

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

17 (1) the third party agrees to:

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

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

22 (2) the municipality, county, or authorized
23 instrumentality agrees to pay or reimburse the third party for the
24 qualified costs by paying accumulated amounts due under the
25 installment purchase or reimbursement contract, temporary note, or
26 time warrant from any and all of the sources described by Subsection

27 (b)(2). ~~[A cost payable from a special assessment that has been~~

1 ~~paid in full shall be paid from that assessment.]~~

2 (d) Subject to Section 372.018, an installment purchase or
3 reimbursement contract, temporary note, or time warrant may bear
4 interest at a rate and for a period determined by the governing body
5 of the municipality or county. [~~A cost payable from a special~~
6 ~~assessment that is to be paid in installments and a cost payable by~~
7 ~~the municipality or county as a whole but not payable from available~~
8 ~~general funds or other available general improvement funds shall be~~
9 ~~paid by the issuance and sale of revenue or general obligation~~
10 ~~bonds.]~~

11 (e) An installment purchase or reimbursement contract,
12 temporary note, or time warrant that is payable from installments
13 of assessments is subject to prepayment and redemption at any time
14 from the proceeds of prepayment of assessments made by a property
15 owner under Section 372.018(d). [~~While an improvement is in~~
16 ~~progress, the governing body of the municipality or county may~~
17 ~~issue temporary notes or time warrants to pay for the costs of the~~
18 ~~improvement and, on completion of the improvement, issue revenue or~~
19 ~~general obligation bonds.~~

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

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

27 Sec. 372.024. GENERAL OBLIGATION BONDS, [~~AND~~] REVENUE AND

1 SPECIAL ASSESSMENT BONDS, CERTIFICATES OF OBLIGATION, AND BONDS
2 ISSUED BY AUTHORIZED INSTRUMENTALITY. (a) The governing body of a
3 municipality or county may issue:

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

7 (2) revenue bonds or special assessment bonds in one
8 or more series; and

9 (3) certificates of obligation under Subchapter C,
10 Chapter 271.

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

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

15 (2) pay or refund obligations executed or issued under
16 Section 372.023(c).

17 (c) Certificates of obligation may be payable from and
18 secured by installment payments of special assessments levied under
19 this subchapter.

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

24 (e) The governing body of a municipality or county may
25 incorporate an authorized instrumentality to act on its behalf to
26 issue revenue bonds or special assessment bonds under this section.

27 The governing body may enter into agreements and contracts with the

1 authorized instrumentality to transfer pledged revenues, funds,
2 and special assessments to or for the account of the authorized
3 instrumentality at the times and as required by the terms of the
4 resolution authorizing the issuance of the revenue bonds or special
5 assessment bonds. Any bonds issued by an authorized
6 instrumentality must be approved by the governing body of the
7 municipality or county before issuance and delivery to the
8 purchaser.

9 (f) To the extent consistent with this subchapter, an
10 authorized instrumentality shall issue revenue bonds or special
11 assessment bonds under:

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

14 (2) Subchapter D, Chapter 431, Transportation Code, if
15 the authorized instrumentality is a local government corporation.

16 ~~[Revenue bonds issued to pay costs under that subsection may be~~
17 ~~issued from time to time in one or more series and are to be payable~~
18 ~~from and secured by liens on all or part of the revenue derived from~~
19 ~~improvements authorized under this subchapter, including revenue~~
20 ~~derived from installment payments of special assessments.]~~

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

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

27 (1) the creation of a public improvement district

1 under this subchapter;

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

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

6 (c) If a management policy is adopted, compliance with the
7 terms of the policy, including any amendments to the policy, is
8 required for:

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

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

14 (3) the issuance of any certificates of obligation by
15 a municipality or county.

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

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

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

21 (3) resolution, if issued by an authorized
22 instrumentality.

23 (b) Revenue bonds and special assessment bonds may be issued
24 to mature serially or in any other manner but must mature not later
25 than 40 years after their date. A provision may be made for the
26 subsequent issuance of additional parity bonds or subordinate lien
27 bonds secured in whole or in part by any assessments or any other

1 revenues authorized by this subchapter under terms and conditions
2 specified in the ordinance, ~~[or]~~ order, or resolution authorizing
3 the issuance of the bonds.

4 (c) Revenue bonds, special assessment bonds, and
5 certificates of obligation may be subject to redemption before
6 maturity at the option of the issuer and at the times and in the
7 manner provided by the ordinance, order, or resolution authorizing
8 the issuance. Revenue bonds and certificates of obligation that
9 are secured in part by a pledge of special assessments and all
10 special assessment bonds are subject to mandatory redemption at
11 least semiannually from funds provided by assessed parties, if any,
12 as prepayment of installments of special assessments under Section
13 372.018(d).

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

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

22 (f) The ordinance, [or] order, or resolution authorizing
23 the issuance of the revenue bonds or special assessment bonds must
24 specify:

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

- 1 (2) whether the bonds are redeemable before maturity;
2 (3) the form, denomination, and manner of issuance;
3 (4) the terms, conditions, and other details applying
4 to the bonds including the price, terms, and interest rates on the
5 bonds; and
6 (5) the manner of sale of the bonds.

7 (g) [~~e~~] The ordinance, [~~o~~] order, or resolution
8 authorizing the issuance of the bonds may specify that the proceeds
9 from the sale of the bonds:

10 (1) be used to pay interest on the bonds during and
11 after the period of acquisition or construction of an improvement
12 financed through the sale of the bonds;

13 (2) be used for creating a reserve fund for payment of
14 the principal of and interest on the bonds and for creating other
15 funds; ~~and~~

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

19 (4) may be placed in time deposit or invested, until
20 needed.

21 Sec. 372.026. PLEDGES. (a) For the payment of [~~bonds~~
22 ~~issued under this subchapter and the payment of~~] principal,
23 interest, and any other amounts payable on or with respect to any
24 bonds issued by a municipality or county under this subchapter
25 ~~[required or permitted in connection with the bonds]~~, the governing
26 body of the municipality or county may pledge:

27 (1) all or part of the income from improvements

1 financed under this subchapter, including income received in
2 installment payments from special assessments; and

3 (2) if the payment is for the payment of revenue bonds,
4 any other revenue described by Subsection (e) [~~under Section~~
5 372.023].

6 (b) For the payment of principal, interest, and any other
7 amounts payable on or with respect to bonds issued by an authorized
8 instrumentality under this subchapter, the authorized
9 instrumentality may pledge all or part of the assessments or other
10 revenues, if any, that are to be transferred and paid to the
11 authorized instrumentality by the municipality or county under an
12 agreement entered into between the parties under Section
13 372.024(e).

14 (c) Pledged income must be [~~fixed and collected in amounts~~]
15 sufficient, with other pledged resources, if any, to pay principal,
16 interest, and other expenses related to the bonds, and to the extent
17 required by the ordinance, [~~or~~] order, or resolution authorizing
18 the bonds, to pay for the operation, maintenance, and other
19 expenses related to improvements authorized by this subchapter.

20 (d) Bonds issued by a municipality or county [~~(c) The~~
21 ~~bonds~~] may also be secured by mortgages or deeds of trust on any
22 real property related to the facilities authorized under this
23 subchapter that are owned or are to be acquired by the municipality
24 or county and by chattel mortgages, liens, or security interests on
25 any personal property appurtenant to that real property. The
26 governing body may authorize the execution of trust indentures,
27 mortgages, deeds of trust, or other forms of encumbrances as

1 evidence of the security interest of the holders of the bonds in the
 2 related property [~~indebtedness~~].

3 (e) [~~(d)~~] The governing body may pledge to the payment of
 4 certificates of obligation issued by the governing body or to the
 5 payment of revenue bonds issued by the governing body or by an
 6 authorized instrumentality all or part of a grant, donation,
 7 revenue, or income received or to be received from the government of
 8 the United States or any other public or private source, whether or
 9 not it is received pursuant to an agreement or otherwise, including
 10 impact fees and incremental ad valorem tax revenues collected by a
 11 municipality or by another taxing unit and municipal sales tax
 12 collected by a municipality from all or part of a tax increment
 13 reinvestment zone created under Chapter 311, Tax Code.

14 Sec. 372.027. REFUNDING BONDS. (a) Revenue bonds and
 15 special assessment bonds issued under this subchapter may be
 16 refunded or refinanced by the issuance of refunding bonds, under
 17 terms or conditions provided [~~set forth~~] in the ordinance, order,
 18 or resolution authorizing the issuance [~~ordinances or orders~~] of
 19 the [~~municipality or county issuing the~~] bonds. The provisions of
 20 this subchapter applying generally to revenue bonds and special
 21 assessment bonds, including provisions related to the issuance of
 22 those bonds, apply to refunding bonds of like kind authorized by
 23 this section. The refunding bonds may be sold and delivered in
 24 amounts necessary to pay [~~for~~] the principal, interest, and any
 25 redemption premium of the bonds [~~to be refunded~~], on the date of the
 26 maturity of the bonds [~~bond~~] or any redemption date of the bonds
 27 [~~bond~~].

1 (b) Refunding bonds may be issued for exchange with the
2 bonds they are refunding. The comptroller of public accounts shall
3 register refunding bonds described by this subsection and deliver
4 the bonds to holders of bonds being refunded in accordance with the
5 ordinance, ~~[or]~~ order, or resolution authorizing the issuance of
6 refunding bonds. The exchange may be made in one delivery or
7 several installment deliveries.

8 (c) General obligation bonds and certificates of obligation
9 issued under this subchapter may be refunded in the manner provided
10 by law.

11 Sec. 372.028. APPROVAL AND REGISTRATION. (a) Revenue
12 bonds and special assessment bonds issued under this subchapter and
13 a record of the proceedings authorizing their issuance must be
14 submitted to the attorney general for examination. If revenue
15 bonds state that they are secured by a pledge of revenue or rentals
16 from a contract or lease, a copy of the contract or lease and a
17 description of the proceedings authorizing the contract or lease
18 must also be submitted to the attorney general.

19 (b) If the attorney general determines that the bonds were
20 authorized and the contracts or leases related to the bonds were
21 made in accordance with the law, the attorney general shall approve
22 the bonds and the contract or lease. After ~~[On the approval of]~~ the
23 attorney general approves the bonds and the contract or lease, the
24 comptroller of public accounts shall register the bonds.

25 (c) Bonds and contracts or leases approved and registered
26 under this section are:

27 (1) valid and binding obligations for all purposes in

1 accordance with their terms; and

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

3 (d) General obligation bonds and certificates of obligation
4 issued under this subchapter shall be approved and registered as
5 provided by law.

6 Sec. 372.029. AUTHORIZED INVESTMENTS; SECURITY.

7 (a) Bonds issued under this subchapter are legal and authorized
8 investments for:

9 (1) banks, trust companies, and savings and loan
10 associations;

11 (2) all insurance companies;

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

13 (4) interest funds, sinking funds, and other public
14 funds of the state or of an agency, subdivision, or instrumentality
15 of the state, including a county, municipality, school district, or
16 other district, public agency, or body politic.

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

23 Sec. 372.030. SUBCHAPTER NOT EXCLUSIVE. This subchapter is
24 an alternative to other methods by which a municipality may finance
25 public improvements under applicable law [~~by assessing property~~
26 ~~owners~~].

27 SECTION 2. All governmental acts and proceedings of a

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

10 SECTION 3. This Act takes effect immediately if it receives
11 a vote of two-thirds of all the members elected to each house, as
12 provided by Section 39, Article III, Texas Constitution. If this
13 Act does not receive the vote necessary for immediate effect, this
14 Act takes effect September 1, 2009.