

1-1 By: Creighton S.B. No. 2293
 1-2 (In the Senate - Filed May 5, 2017; May 8, 2017, read first
 1-3 time and referred to Committee on Intergovernmental Relations;
 1-4 May 12, 2017, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 6, Nays 0; May 12, 2017,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14			X	
1-15	X			

1-16 COMMITTEE SUBSTITUTE FOR S.B. No. 2293 By: Bettencourt

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to the creation of Montgomery County Improvement District
 1-20 No. 1; providing authority to issue bonds; providing authority to
 1-21 impose assessments, fees, or taxes.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Subtitle C, Title 4, Special District Local Laws
 1-24 Code, is amended by adding Chapter 3955 to read as follows:

1-25 CHAPTER 3955. MONTGOMERY COUNTY IMPROVEMENT DISTRICT NO. 1

1-26 SUBCHAPTER A. GENERAL PROVISIONS

1-27 Sec. 3955.001. DEFINITIONS. In this chapter:

1-28 (1) "Board" means the district's board of directors.

1-29 (2) "County" means Montgomery County.

1-30 (3) "Director" means a board member.

1-31 (4) "District" means the Montgomery County
 1-32 Improvement District No. 1.

1-33 Sec. 3955.002. CREATION AND NATURE OF DISTRICT. The
 1-34 district is a special district created under Section 59, Article
 1-35 XVI, Texas Constitution.

1-36 Sec. 3955.003. PURPOSE; DECLARATION OF INTENT. (a) The
 1-37 creation of the district is essential to accomplish the purposes of
 1-38 Sections 52 and 52-a, Article III, and Section 59, Article XVI,
 1-39 Texas Constitution, and other public purposes stated in this
 1-40 chapter. By creating the district and in authorizing the county and
 1-41 other political subdivisions to contract with the district, the
 1-42 legislature has established a program to accomplish the public
 1-43 purposes set out in Section 52-a, Article III, Texas Constitution.

1-44 (b) The creation of the district is necessary to promote,
 1-45 develop, encourage, and maintain employment, commerce,
 1-46 transportation, housing, tourism, recreation, the arts,
 1-47 entertainment, economic development, safety, and the public
 1-48 welfare in the district.

1-49 (c) This chapter and the creation of the district may not be
 1-50 interpreted to relieve the county from providing the level of
 1-51 services provided as of the effective date of the Act enacting this
 1-52 chapter to the area in the district. The district is created to
 1-53 supplement and not to supplant county services provided in the
 1-54 district.

1-55 Sec. 3955.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

1-56 (a) The district is created to serve a public use and benefit.

1-57 (b) All land and other property included in the district
 1-58 will benefit from the improvements and services to be provided by
 1-59 the district under powers conferred by Sections 52 and 52-a,
 1-60 Article III, and Section 59, Article XVI, Texas Constitution, and

2-1 other powers granted under this chapter.

2-2 (c) The creation of the district is in the public interest
2-3 and is essential to further the public purposes of:

2-4 (1) developing and diversifying the economy of the
2-5 state;

2-6 (2) eliminating unemployment and underemployment; and

2-7 (3) developing or expanding transportation and
2-8 commerce.

2-9 (d) The district will:

2-10 (1) promote the health, safety, and general welfare of
2-11 residents, employers, potential employees, employees, visitors,
2-12 and consumers in the district, and of the public;

2-13 (2) provide needed funding for the district to
2-14 preserve, maintain, and enhance the economic health and vitality of
2-15 the district territory as a community and business center;

2-16 (3) promote the health, safety, welfare, and enjoyment
2-17 of the public by providing pedestrian ways and by landscaping and
2-18 developing certain areas in the district, which are necessary for
2-19 the restoration, preservation, and enhancement of scenic beauty;
2-20 and

2-21 (4) provide for water, wastewater, drainage, road,
2-22 rail, and recreational facilities for the district.

2-23 (e) Pedestrian ways along or across a street, whether at
2-24 grade or above or below the surface, and street lighting, street
2-25 landscaping, parking, and street art objects are parts of and
2-26 necessary components of a street and are considered to be a street
2-27 or road improvement.

2-28 (f) The district will not act as the agent or
2-29 instrumentality of any private interest even though the district
2-30 will benefit many private interests as well as the public.

2-31 Sec. 3955.005. INITIAL DISTRICT TERRITORY. (a) The
2-32 district is initially composed of the territory described by
2-33 Section 2 of the Act enacting this chapter.

2-34 (b) The boundaries and field notes contained in Section 2 of
2-35 the Act enacting this chapter form a closure. A mistake in the
2-36 field notes or in copying the field notes in the legislative process
2-37 does not affect the district's:

2-38 (1) organization, existence, or validity;

2-39 (2) right to issue any type of bonds for the purposes
2-40 for which the district is created or to pay the principal of and
2-41 interest on the bonds;

2-42 (3) right to impose or collect an assessment or tax; or

2-43 (4) legality or operation.

2-44 Sec. 3955.006. APPLICABILITY OF MUNICIPAL MANAGEMENT
2-45 DISTRICTS LAW. Except as otherwise provided by this chapter,
2-46 Chapter 375, Local Government Code, applies to the district.

2-47 Sec. 3955.007. CONSTRUCTION OF CHAPTER. This chapter shall
2-48 be liberally construed in conformity with the findings and purposes
2-49 stated in this chapter.

2-50 SUBCHAPTER B. BOARD OF DIRECTORS

2-51 Sec. 3955.051. GOVERNING BODY; TERMS. (a) The district is
2-52 governed by a board of five voting directors who serve staggered
2-53 terms of four years, with two or three directors' terms expiring
2-54 June 1 of each odd-numbered year.

2-55 (b) The board by resolution may change the number of voting
2-56 directors on the board if the board determines that the change is in
2-57 the best interest of the district. The board may not consist of
2-58 fewer than 5 or more than 15 directors.

2-59 (c) Section 49.052, Water Code, does not apply to the
2-60 directors.

2-61 Sec. 3955.052. APPOINTMENT OF VOTING DIRECTORS. The Texas
2-62 Commission on Environmental Quality shall appoint voting directors
2-63 from persons recommended by the board.

2-64 Sec. 3955.053. NONVOTING DIRECTORS. The board may appoint
2-65 nonvoting directors to serve at the pleasure of the voting
2-66 directors.

2-67 Sec. 3955.054. QUORUM. For purposes of determining the
2-68 requirements for a quorum of the board, the following are not
2-69 counted:

- 3-1 (1) a board position vacant for any reason, including
- 3-2 death, resignation, or disqualification;
- 3-3 (2) a director who is abstaining from participation in
- 3-4 a vote because of a conflict of interest; or
- 3-5 (3) a nonvoting director.

3-6 Sec. 3955.055. COMPENSATION. A director is entitled to
 3-7 receive fees of office and reimbursement for actual expenses as
 3-8 provided by Section 49.060, Water Code. Sections 375.069 and
 3-9 375.070, Local Government Code, do not apply to the board.

3-10 Sec. 3955.056. INITIAL VOTING DIRECTORS. (a) The initial
 3-11 board consists of the following directors:

<u>Pos. No.</u>	<u>Name of Director</u>
1.	<u>Tony Comer</u>
2.	<u>Nichole Comer</u>
3.	<u>Vicky Cutroneo</u>
4.	<u>Ryan Quigley</u>
5.	<u>Jerry Hayley</u>

3-18 (b) Of the initial directors, the terms of directors
 3-19 appointed for positions one through three expire June 1, 2019, and
 3-20 the terms of directors appointed for positions four and five expire
 3-21 June 1, 2021.

3-22 (c) Section 3955.052 does not apply to this section.

3-23 (d) This section expires September 1, 2021.

SUBCHAPTER C. POWERS AND DUTIES

3-25 Sec. 3955.101. GENERAL POWERS AND DUTIES. The district has
 3-26 the powers and duties necessary to accomplish the purposes for
 3-27 which the district is created.

3-28 Sec. 3955.102. IMPROVEMENT PROJECTS AND SERVICES. The
 3-29 district may provide, design, construct, acquire, improve,
 3-30 relocate, operate, maintain, or finance an improvement project or
 3-31 service using any money available to the district, or contract with
 3-32 a governmental or private entity to provide, design, construct,
 3-33 acquire, improve, relocate, operate, maintain, or finance an
 3-34 improvement project or service authorized under this chapter or
 3-35 Chapter 375, Local Government Code.

3-36 Sec. 3955.103. DEVELOPMENT CORPORATION POWERS. The
 3-37 district, using money available to the district, may exercise the
 3-38 powers given to a development corporation under Chapter 505, Local
 3-39 Government Code, including the power to own, operate, acquire,
 3-40 construct, lease, improve, or maintain a project under that
 3-41 chapter.

3-42 Sec. 3955.104. NONPROFIT CORPORATION. (a) The board by
 3-43 resolution may authorize the creation of a nonprofit corporation to
 3-44 assist and act for the district in implementing a project or
 3-45 providing a service authorized by this chapter.

3-46 (b) The nonprofit corporation:

3-47 (1) has each power of and is considered to be a local
 3-48 government corporation created under Subchapter D, Chapter 431,
 3-49 Transportation Code; and

3-50 (2) may implement any project and provide any service
 3-51 authorized by this chapter.

3-52 (c) The board shall appoint the board of directors of the
 3-53 nonprofit corporation. The board of directors of the nonprofit
 3-54 corporation shall serve in the same manner as the board of directors
 3-55 of a local government corporation created under Subchapter D,
 3-56 Chapter 431, Transportation Code, except that a board member is not
 3-57 required to reside in the district.

3-58 Sec. 3955.105. PUBLIC FACILITY CORPORATIONS. As provided
 3-59 by Chapter 303, Local Government Code, the board by resolution may
 3-60 authorize the creation of a public facility corporation in the
 3-61 district to finance or to provide for the acquisition,
 3-62 construction, rehabilitation, renovation, repair, equipping,
 3-63 furnishing, or placement in service of public facilities in an
 3-64 orderly, planned manner and at the lowest possible borrowing costs.

3-65 Sec. 3955.106. AGREEMENTS; GRANTS. (a) As provided by
 3-66 Chapter 375, Local Government Code, the district may make an
 3-67 agreement with or accept a gift, grant, or loan from any person.

3-68 (b) The implementation of a project is a governmental
 3-69 function or service for the purposes of Chapter 791, Government

4-1 Code.

4-2 Sec. 3955.107. LAW ENFORCEMENT SERVICES. To protect the
 4-3 public interest, the district may contract with a qualified party,
 4-4 including the county, to provide law enforcement services in the
 4-5 district for a fee.

4-6 Sec. 3955.108. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. The
 4-7 district may join and pay dues to a charitable or nonprofit
 4-8 organization that performs a service or provides an activity
 4-9 consistent with the furtherance of a district purpose.

4-10 Sec. 3955.109. ECONOMIC DEVELOPMENT. (a) The district may
 4-11 engage in activities that accomplish the economic development
 4-12 purposes of the district.

4-13 (b) The district may establish and provide for the
 4-14 administration of one or more programs to promote state or local
 4-15 economic development and to stimulate business and commercial
 4-16 activity in the district, including programs to:

4-17 (1) make loans and grants of public money; and

4-18 (2) provide district personnel and services.

4-19 (c) The district may create economic development programs
 4-20 and exercise the economic development powers provided to
 4-21 municipalities by:

4-22 (1) Chapter 380, Local Government Code; and

4-23 (2) Subchapter A, Chapter 1509, Government Code.

4-24 Sec. 3955.110. PARKING FACILITIES. (a) The district may
 4-25 acquire, lease as lessor or lessee, construct, develop, own,
 4-26 operate, and maintain parking facilities or a system of parking
 4-27 facilities, including lots, garages, parking terminals, or other
 4-28 structures or accommodations for parking motor vehicles off the
 4-29 streets and related appurtenances.

4-30 (b) The district's parking facilities serve the public
 4-31 purposes of the district and are owned, used, and held for a public
 4-32 purpose even if leased or operated by a private entity for a term of
 4-33 years.

4-34 (c) The district's parking facilities are parts of and
 4-35 necessary components of a street and are considered to be a street
 4-36 or road improvement.

4-37 (d) The development and operation of the district's parking
 4-38 facilities may be considered an economic development program.

4-39 Sec. 3955.111. ROAD UTILITY DISTRICT POWERS. The district
 4-40 has the powers provided by the general laws relating to road utility
 4-41 districts created under Section 52(b), Article III, Texas
 4-42 Constitution and Chapter 441, Transportation Code.

4-43 Sec. 3955.112. STRATEGIC PARTNERSHIP AGREEMENT. The
 4-44 district may negotiate and enter into a written strategic
 4-45 partnership agreement under Section 43.0751, Local Government
 4-46 Code, with a municipality in whose extraterritorial jurisdiction
 4-47 the district is located.

4-48 Sec. 3955.113. ANNEXATION OR EXCLUSION OF LAND. (a) The
 4-49 district may annex land as provided by Subchapter J, Chapter 49,
 4-50 Water Code.

4-51 (b) The district may exclude land as provided by Subchapter
 4-52 J, Chapter 49, Water Code. Section 375.044(b), Local Government
 4-53 Code, does not apply to the district.

4-54 Sec. 3955.114. NO EMINENT DOMAIN POWER. The district may
 4-55 not exercise the power of eminent domain.

4-56 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

4-57 Sec. 3955.151. DISBURSEMENTS AND TRANSFERS OF MONEY. The
 4-58 board by resolution shall establish the number of directors'
 4-59 signatures and the procedure required for a disbursement or
 4-60 transfer of district money.

4-61 Sec. 3955.152. MONEY USED FOR IMPROVEMENTS OR SERVICES.
 4-62 The district may acquire, construct, finance, operate, or maintain
 4-63 any improvement or service authorized under this chapter or Chapter
 4-64 375, Local Government Code, using any money available to the
 4-65 district.

4-66 Sec. 3955.153. PETITION REQUIRED FOR FINANCING SERVICES AND
 4-67 IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a
 4-68 service or improvement project with assessments under this chapter
 4-69 unless a written petition requesting that service or improvement

5-1 has been filed with the board.
 5-2 (b) A petition filed under Subsection (a) must be signed by
 5-3 the owners of a majority of the assessed value of real property in
 5-4 the district subject to assessment according to the most recent
 5-5 certified tax appraisal roll for the county.
 5-6 Sec. 3955.154. METHOD OF NOTICE FOR HEARING. The district
 5-7 may mail the notice required by Section 375.115(c), Local
 5-8 Government Code, by certified or first-class United States mail.
 5-9 The board shall determine the method of notice.
 5-10 Sec. 3955.155. ASSESSMENTS; LIENS FOR ASSESSMENTS.
 5-11 (a) The board by resolution may impose and collect an assessment
 5-12 for any purpose authorized by this chapter in all or any part of the
 5-13 district.
 5-14 (b) An assessment, a reassessment, or an assessment
 5-15 resulting from an addition to or correction of the assessment roll
 5-16 by the district, penalties and interest on an assessment or
 5-17 reassessment, an expense of collection, and reasonable attorney's
 5-18 fees incurred by the district:
 5-19 (1) are a first and prior lien against the property
 5-20 assessed;
 5-21 (2) are superior to any other lien or claim other than
 5-22 a lien or claim for county, school district, or municipal ad valorem
 5-23 taxes; and
 5-24 (3) are the personal liability of and a charge against
 5-25 the owners of the property even if the owners are not named in the
 5-26 assessment proceedings.
 5-27 (c) The lien is effective from the date of the board's
 5-28 resolution imposing the assessment until the date the assessment is
 5-29 paid. The board may enforce the lien in the same manner that the
 5-30 board may enforce an ad valorem tax lien against real property.
 5-31 (d) The board may make a correction to or deletion from the
 5-32 assessment roll that does not increase the amount of assessment of
 5-33 any parcel of land without providing notice and holding a hearing in
 5-34 the manner required for additional assessments.
 5-35 Sec. 3955.156. COMPETITIVE BIDDING. Subchapter I, Chapter
 5-36 49, Water Code, applies to the district. Sections 375.221 and
 5-37 375.223, Local Government Code, do not apply to the district.
 5-38 Sec. 3955.157. TAX AND ASSESSMENT ABATEMENTS. The district
 5-39 may designate reinvestment zones and may grant abatements of
 5-40 district taxes or assessments on property in the zones.
 5-41 SUBCHAPTER E. TAXES AND BONDS
 5-42 Sec. 3955.201. ELECTIONS REGARDING TAXES AND BONDS.
 5-43 (a) The district may issue, without an election, bonds, notes, and
 5-44 other obligations secured by:
 5-45 (1) revenue other than ad valorem taxes; or
 5-46 (2) contract payments described by Section 3955.203.
 5-47 (b) The district must hold an election in the manner
 5-48 provided by Subchapter L, Chapter 375, Local Government Code, to
 5-49 obtain voter approval before the district may impose an ad valorem
 5-50 tax or issue bonds payable from ad valorem taxes.
 5-51 (c) Section 375.243, Local Government Code, does not apply
 5-52 to the district.
 5-53 (d) All or any part of any facilities or improvements that
 5-54 may be acquired by a district by the issuance of its bonds may be
 5-55 submitted as a single proposition or as several propositions to be
 5-56 voted on at the election.
 5-57 Sec. 3955.202. OPERATION AND MAINTENANCE TAX. (a) If
 5-58 authorized by a majority of the district voters voting at an
 5-59 election held in accordance with Section 3955.201, the district may
 5-60 impose an operation and maintenance tax on taxable property in the
 5-61 district in accordance with Section 49.107, Water Code, for any
 5-62 district purpose, including to:
 5-63 (1) maintain and operate the district;
 5-64 (2) construct or acquire improvements; or
 5-65 (3) provide a service.
 5-66 (b) The board shall determine the tax rate. The rate may not
 5-67 exceed the rate approved at the election.
 5-68 (c) Section 49.107(h), Water Code, does not apply to the
 5-69 district.

6-1 Sec. 3955.203. CONTRACT TAXES. (a) In accordance with
 6-2 Section 49.108, Water Code, the district may impose a tax other than
 6-3 an operation and maintenance tax and use the revenue derived from
 6-4 the tax to make payments under a contract after the provisions of
 6-5 the contract have been approved by a majority of the district voters
 6-6 voting at an election held for that purpose.

6-7 (b) A contract approved by the district voters may contain a
 6-8 provision stating that the contract may be modified or amended by
 6-9 the board without further voter approval.

6-10 Sec. 3955.204. AUTHORITY TO BORROW MONEY AND TO ISSUE BONDS
 6-11 AND OTHER OBLIGATIONS. (a) The district may borrow money on terms
 6-12 determined by the board. Section 375.205, Local Government Code,
 6-13 does not apply to a loan, line of credit, or other borrowing from a
 6-14 bank or financial institution secured by revenue other than ad
 6-15 valorem taxes.

6-16 (b) The district may issue bonds, notes, or other
 6-17 obligations payable wholly or partly from ad valorem taxes,
 6-18 assessments, impact fees, revenue, contract payments, grants, or
 6-19 other district money, or any combination of those sources of money,
 6-20 to pay for any authorized district purpose.

6-21 Sec. 3955.205. TAXES FOR BONDS. At the time the district
 6-22 issues bonds payable wholly or partly from ad valorem taxes, the
 6-23 board shall provide for the annual imposition of a continuing
 6-24 direct annual ad valorem tax, without limit as to rate or amount,
 6-25 for each year that all or part of the bonds are outstanding as
 6-26 required and in the manner provided by Sections 54.601 and 54.602,
 6-27 Water Code.

6-28 Sec. 3955.206. BONDS FOR RECREATIONAL FACILITIES. The
 6-29 limitation on the outstanding principal amount of bonds, notes, and
 6-30 other obligations provided by Section 49.4645, Water Code, does not
 6-31 apply to the district.

6-32 SUBCHAPTER F. DEFINED AREAS

6-33 Sec. 3955.251. AUTHORITY TO ESTABLISH DEFINED AREAS OR
 6-34 DESIGNATED PROPERTY. The district may define areas or designate
 6-35 certain property of the district to pay for improvements,
 6-36 facilities, or services that primarily benefit that area or
 6-37 property and do not generally and directly benefit the district as a
 6-38 whole.

6-39 Sec. 3955.252. PROCEDURE FOR ELECTION. (a) Before the
 6-40 district may impose an ad valorem tax or issue bonds payable from ad
 6-41 valorem taxes of the defined area or designated property, the board
 6-42 shall hold an election in the defined area or in the designated
 6-43 property only.

6-44 (b) The board may submit the issues to the voters on the same
 6-45 ballot to be used in another election.

6-46 Sec. 3955.253. DECLARING RESULT AND ISSUING ORDER. (a) If
 6-47 a majority of the voters voting at the election approve the
 6-48 proposition or propositions, the board shall declare the results
 6-49 and, by order, shall establish the defined area and describe it by
 6-50 metes and bounds or designate the specific property.

6-51 (b) A court may not review the board's order except on the
 6-52 ground of fraud, palpable error, or arbitrary and confiscatory
 6-53 abuse of discretion.

6-54 Sec. 3955.254. TAXES FOR SERVICES, IMPROVEMENTS, AND
 6-55 FACILITIES IN DEFINED AREAS OR DESIGNATED PROPERTY. On voter
 6-56 approval and adoption of the order described by Section 3955.253,
 6-57 the district may apply separately, differently, equitably, and
 6-58 specifically its taxing power and lien authority to the defined
 6-59 area or designated property to provide money to construct,
 6-60 administer, maintain, and operate services, improvements, and
 6-61 facilities that primarily benefit the defined area or designated
 6-62 property.

6-63 Sec. 3955.255. ISSUANCE OF BONDS FOR DEFINED AREA OR
 6-64 DESIGNATED PROPERTY. After the order under Section 3955.253 is
 6-65 adopted, the district may issue bonds to provide for any land,
 6-66 improvements, facilities, plants, equipment, and appliances for
 6-67 the defined area or designated property.

6-68 SUBCHAPTER G. SALES AND USE TAX

6-69 Sec. 3955.301. MEANINGS OF WORDS AND PHRASES. A word or

7-1 phrase used in this subchapter that is defined by Chapters [151](#) and
 7-2 [321](#), Tax Code, has the meaning assigned by Chapters [151](#) and [321](#), Tax
 7-3 Code.

7-4 Sec. 3955.302. APPLICABILITY OF CERTAIN TAX CODE
 7-5 PROVISIONS. (a) Except as otherwise provided by this subchapter,
 7-6 Subtitles A and B, Title 2, Tax Code, and Chapter [151](#), Tax Code,
 7-7 apply to taxes imposed under this subchapter and to the
 7-8 administration and enforcement of those taxes in the same manner
 7-9 that those laws apply to state taxes.

7-10 (b) Chapter [321](#), Tax Code, relating to municipal sales and
 7-11 use taxes, applies to the application, collection, change, and
 7-12 administration of a sales and use tax imposed under this subchapter
 7-13 to the extent consistent with this chapter, as if references in
 7-14 Chapter [321](#), Tax Code, to a municipality referred to the district
 7-15 and references to a governing body referred to the board.

7-16 (c) Sections [321.106](#), [321.401](#), [321.402](#), [321.403](#), [321.404](#),
 7-17 [321.406](#), [321.409](#), [321.506](#), [321.507](#), and [321.508](#), Tax Code, do not
 7-18 apply to a tax imposed under this subchapter.

7-19 Sec. 3955.303. AUTHORIZATION; ELECTION. (a) The district
 7-20 may adopt a sales and use tax to serve the purposes of the district
 7-21 after an election in which a majority of the voters of the district
 7-22 voting in the election authorize the adoption of the tax.

7-23 (b) The board by order may call an election to authorize a
 7-24 sales and use tax. The election may be held with any other district
 7-25 election.

7-26 (c) The district shall provide notice of the election and
 7-27 shall hold the election in the manner prescribed by Section
 7-28 [3955.201](#).

7-29 (d) The ballots shall be printed to provide for voting for
 7-30 or against the proposition: "Authorization of a sales and use tax
 7-31 in the Montgomery County Improvement District No. 1 at a rate not to
 7-32 exceed ___ percent."

7-33 Sec. 3955.304. ABOLISHING SALES AND USE TAX. (a) Except
 7-34 as provided by Subsection (b), the board may abolish the sales and
 7-35 use tax without an election.

7-36 (b) The board may not abolish the sales and use tax if the
 7-37 district has outstanding debt secured by the tax.

7-38 Sec. 3955.305. SALES AND USE TAX RATE. (a) On adoption of
 7-39 the tax authorized by this subchapter, a tax is imposed on the
 7-40 receipts from the sale at retail of taxable items in the district
 7-41 and an excise tax is imposed on the use, storage, or other
 7-42 consumption in the district of taxable items purchased, leased, or
 7-43 rented from a retailer during the period that the tax is in effect.

7-44 (b) The board shall determine the rate of the tax, which may
 7-45 be in one-eighth of one percent increments not to exceed the maximum
 7-46 rate authorized by the district voters at the election. The board
 7-47 may lower the tax rate to the extent the rate does not impair any
 7-48 outstanding debt or obligations payable from the tax.

7-49 (c) The rate of the excise tax is the same as the rate of the
 7-50 sales tax portion of the tax and is applied to the sales price of the
 7-51 taxable item.

7-52 SUBCHAPTER H. DISSOLUTION AND MUNICIPAL ANNEXATION

7-53 Sec. 3955.351. MUNICIPAL ANNEXATION; DISSOLUTION.

7-54 (a) The district is a "water or sewer district" under Section
 7-55 [43.071](#), Local Government Code.

7-56 (b) Section [43.075](#), Local Government Code, applies to the
 7-57 district.

7-58 (c) Section [375.264](#), Local Government Code, does not apply
 7-59 to the dissolution of the district by a municipality.

7-60 SECTION 2. The Montgomery County Improvement District No. 1

7-61 initially includes all territory contained in the following area:

7-62 TRACT ONE: A PARCEL OF LAND CONTAINING 0.1411 OF AN ACRE (6,146
 7-63 SQUARE FEET) MORE OR LESS, BEING OUT OF THAT CERTAIN 3.3601 ACRE
 7-64 TRACT, CONVEYED FROM EAGLES NEST CHRISTIAN FELLOWSHIP TO R.L. WADE
 7-65 MANAGEMENT, LLC., AS RECORDED IN COUNTY CLERK'S FILE NO.
 7-66 2005-126335, OFFICIAL PUBLIC RECORDS OF REAL PROPERTY, MONTGOMERY
 7-67 COUNTY, TEXAS, (O.P.R.R.P.M.C.T.), SAID 0.1411 ACRE TRACT BEING
 7-68 SITUATED IN THE E.R. HALE SURVEY, ABSTRACT NO. 264 IN MONTGOMERY
 7-69 COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND

8-1 BOUNDS AS FOLLOWS:
8-2 COMMENCING, AT A FOUND 3/4 INCH IRON ROD WITH TXDOT ALUMINUM CAP, IN
8-3 THE SOUTH LINE OF STAGECOACH ROAD, RIGHT OF WAY VARIES, AS SHOWN ON
8-4 REPLAT OF DECKER OAKS ESTATES, SECTION ONE, AS RECORDED IN CABINET
8-5 L, SHEETS 50-52, MAP RECORDS, MONTGOMERY COUNTY, TEXAS, SAME BEING
8-6 IN THE EAST LINE OF STATE HIGHWAY 249, RIGHT OF WAY VARIES, FOR AN
8-7 ANGLE POINT IN THE EAST LINE OF THAT CERTAIN 1.942 ACRE PARCEL
8-8 NO. 97A, CONVEYED FROM GATEWAY BAPTIST CHURCH OF DECKER'S PRAIRIE
8-9 TO THE STATE OF TEXAS, AS RECORDED IN COUNTY CLERK'S FILE NO.
8-10 9416527, O.P.R.R.P.M.C.T., SAME BEING THE MOST NORTHERLY WEST
8-11 CORNER OF THE SAID 3.3601 ACRE TRACT;
8-12 THENCE, WITH THE SAID SOUTH LINE OF STAGECOACH ROAD, SAME BEING THE
8-13 NORTH LINE OF THE SAID 3.3601 ACRE TRACT, THE FOLLOWING THREE (3)
8-14 COURSES AND DISTANCE:
8-15 1. N 61° 56' 38" E, A DISTANCE OF 165.95 FEET TO A FOUND 5/8
8-16 INCH IRON ROD, FOR A POINT OF CURVATURE, NON TANGENT,
8-17 2. A DISTANCE OF 77.68 FEET ALONG THE ARC OF A CURVE TO THE
8-18 LEFT, HAVING A RADIUS OF 300.00 FEET, A CENTRAL ANGLE OF 14°
8-19 50' 07", AND A CHORD WHICH BEARS, N 54° 13' 13" E, A DISTANCE
8-20 OF 77.46 FEET, TO A FOUND 1/2 INCH IRON ROD, FOR A POINT OF
8-21 REVERSE CURVATURE, AND
8-22 3. A DISTANCE OF 17.98 FEET, ALONG THE ARC OF A CURVE TO THE
8-23 RIGHT, HAVING A RADIUS OF 300.00 FEET, A CENTRAL ANGLE OF 03°
8-24 26' 04", AND A CHORD WHICH BEARS, N 48° 31' 13" E, A DISTANCCE
8-25 OF 17.98 FEET, TO A FOUND 5/8 INCH IRON ROD, FOR THE MOST
8-26 WESTERLY CORNER OF RESERVE "A", AS SHOWN ON SAID REPLAT OF
8-27 DECKER OAKS ESTATES, SECTION ONE, AND THE MOST WESTERLY
8-28 CORNER OF THAT CERTAIN 0.145 ACRE TRACT, CONVEYED FROM DECKER
8-29 OAKS LAND COMPANY, LTD., ET At TO HHJ, INC., AS RECORDED IN
8-30 COUNTY CLERK'S FILE NO. 9814147, O.P.R.R.P.M.C.T., SAME
8-31 BEING THE MOST WESTERLY NORTH CORNER OF THE SAID 3.3601 ACRE
8-32 TRACT:
8-33 THENCE, N 88° 56' 24" E, WITH THE SOUTH LINE OF SAID RESERVE "A", AND
8-34 THE SOUTH LINE OF SAID 0.145 ACRE TRACT, SAME BEING THE NORTH LINE
8-35 OF THE SAID 3.3601 ACRE TRACT, A DISTANCE OF 70.89 FEET, TO A SET 5/8
8-36 INCH IRON ROD WITH CAP STAMPED CIVIL-SURV, FOR THE POINT OF
8-37 BEGINNING;
8-38 THENCE, N 88° 56' 24" E, WITH THE SAID SOUTH LINE OF RESERVE "A", AND
8-39 THE SAID SOUTH LINE OF 0.145 ACRE TRACT, SAME BEING THE SAID NORTH
8-40 LINE OF THE 3.3601 ACRE TRACT, A DISTANCE OF 74.75 FEET, TO A FOUND
8-41 5/8 INCH IRON ROD WITH CAP STAMPED CIVIL-SURV, IN THE WEST LINE OF A
8-42 REMAINDER PORTION OF THAT CERTAIN 45.877 ACRE TRACT, CONVEYED FROM
8-43 ROBERT R. WEEDN TO DECKER OAKS LAND COMPANY, LTD., AS RECORDED IN
8-44 COUNTY CLERK'S FILE NO. 9679270, O.P.R.R.P.M.C.T., FOR THE
8-45 SOUTHEAST CORNER OF SAID RESERVE "A", AND THE SOUTHEAST CORNER OF
8-46 THE SAID 0.145 ACRE TRACT, SAME BEING THE NORTEAST CORNER OF THE
8-47 SAID 3.3601 ACRE TRACT, FROM WHICH A FOUND 5/8 INCH IRON ROD, IN THE
8-48 SAID SOUTH LINE OF STAGECOACH ROAD, FOR THE NORTHWEST CORNER OF
8-49 REPLAT OF VILLAGE OF DECKER OAKS, SECTION ONE, AS RECORDED IN
8-50 CABINENT T. SHEETS 144-148, MAP RECORDS, MONTGOMERY COUNTY, TEXAS,
8-51 SAME BEING THE NORTHEAST CORNER OF SAID RESERVE "A", AND THE
8-52 NORTHEAST CORNER OF THE SAID 0.145 ACRE TRACT, BEARS, N 01° 06' 07"
8-53 W, 81.80 FEET;
8-54 THENCE, S 00° 48' 51" E, WITH THE SAID WEST LINE OF A REMAINDER
8-55 PORTION OF THE 45.877 ACRE TRACT, SAME BEING THE EAST LINE OF THE
8-56 SAID 3.3601 ACRE TRACT, A DISTANCE OF 96.38 FEET. TO A SET 5/8 INCH
8-57 IRON ROD WITH CAP STAMPED CIVIL-SURV, FROM WHICH A FOUND 1/2 INCH
8-58 IRON ROD FOR AN ANGLE POINT, BEARS, S 00° 48' 51" E, 138.44 FEET;
8-59 THENCE, CROSSING THE SAID 3.3601 ACRE TRACT THE FOLLOWING (3) THREE
8-60 COURSES AND DISTANCES:
8-61 1. S 90° 00' 00" W, A DISTANCE OF 40.00 FEET TO A SET 5/8 INCH
8-62 IRON ROD WITH CAP STAMPED CIVIL-SURV,
8-63 2. N 28° 03' 22" W, A DISTANCE OF 100.61 FEET TO A SET 5/8
8-64 INCH IRON ROD WITH CAP STAMPED CIVIL-SURV, AND
8-65 3. N 61° 04' 05" E, A DISTANCE OF 12.81 FEET, TO THE POINT OF
8-66 BEGINNING, AND CONTAINING 0.1411 OF AN ACRE (6,146 SQUARE
8-67 FEET) OF LAND, MORE OR LESS.
8-68 TRACT TWO: BEING A 104.52 ACRE PARCEL (CALLED 104.5230 ACRES) OF
8-69 LAND SITUATED IN THE E.R. HALE SURVEY, ABSTRACT NO. 264 AND BEING

9-1 THE SAME TRACT OF LAND AS RECORDED IN VOLUME 72, PAGE 290 DEED
9-2 RECORDS OF MONTGOMERY COUNTY, TEXAS SAID 104.52 ACRE PARCEL BEING
9-3 MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS WITH THE
9-4 BASE OF BEARING BEING THE RECORDED DEED.
9-5 BEGINNING AT A 5/8" INCH IRON ROD FOUND IN THE WEST LINE OF RIMWICK
9-6 FOREST SUBDIVISION LOT 4, SECTION 1, FOR THE NORTHEAST CORNER OF A
9-7 CALLED 0.944 ACRE TRACT AND THE NORTHEAST CORNER OF THE HEREIN
9-8 DESCRIBED PARCEL OF LAND FOR THE POINT OF BEGINNING;
9-9 THENCE, SOUTH 01° 13' 17" WEST (CALLED SOUTH), ALONG THE WEST LINE OF
9-10 THE SAID CALLED RIMWICK FOREST SUBDIVISION AND THE EAST LINE OF THE
9-11 HEREIN DESCRIBED PARCEL, PASSING AT A DISTANCE OF 52.10 FEET A 1/2
9-12 INCH IRON ROD FOUND MARKING THE COMMON CORNER OF THE SAID LOT 4 AND
9-13 LOT 3 OF THE RIMWICK SUBDIVISION, CONTINUING FOR A DISTANCE OF
9-14 275.58 FEET TO A MONUMENT, CONTINUING FOR A DISTANCE OF 413.95 FEET
9-15 FOR THE CENTERLINE OF THE I. & G.N. RAILROAD CALLED 150 FEET WIDE,
9-16 CONTINUING FOR A DISTANCE 479.55 FEET TO A POINT FROM WHICH A 1 INCH
9-17 IRON PIPE FOUND BEARS NORTH 56° 51' 32" WEST, A DISTANCE OF 12.34,
9-18 CONTINUING FOR A TOTAL DISTANCE OF 1050.04 FEET TO A 5/8 INCH IRON
9-19 ROD FOUND IN THE WEST LINE OF POST OAK FOREST (UNRECORDED
9-20 SUBDIVISION) MARKING AN ANGLE POINT IN THE HEREIN DESCRIBED PARCEL
9-21 OF LAND;
9-22 THENCE, SOUTH 00° 55' 07" EAST (CALLED SOUTH), ALONG THE WEST LINE OF
9-23 POST OAK FOREST SUBDIVISION AND THE EAST LINE OF THE HEREIN
9-24 DESCRIBED PARCEL, PASSING AT A DISTANCE OF 180.04 FEET TO A 3/8 INCH
9-25 IRON ROD FOUND, CONTINUING FOR A DISTANCE OF 689.39 FEET TO A 1/2
9-26 INCH IRON ROD FOR THE NORTHWEST CORNER OF POST OAK FOREST DRIVE,
9-27 CONTINUING FOR A DISTANCE OF 748.93 FEET TO A 1/2 INCH IRON ROD
9-28 MARKING THE SOUTHWEST CORNER OF SAID POST OAK FOREST DRIVE,
9-29 CONTINUING FOR A TOTAL DISTANCE OF 969.39 FEET TO A MONUMENT FOUND
9-30 FOR AN ANGLE POINT OF THE HEREIN DESCRIBED PARCEL;
9-31 THENCE, SOUTH 05° 18' 32" WEST (CALLED SOUTH), ALONG THE EAST LINE
9-32 OF THE HEREIN DESCRIBED PARCEL, A DISTANCE OF 413 .66 FEET TO A 1
9-33 INCH IRON ROD FOUND FOR THE NORTHWEST CORNER OF HUGHES ROAD AND AN
9-34 ANGLE POINT IN THE HEREIN DESCRIBED PARCEL OF LAND;
9-35 THENCE, SOUTH 00° 17' 29" WEST (CALLED SOUTH) ALONG THE EAST LINE OF
9-36 THE HEREIN DESCRIBED PARCEL, A DISTANCE OF 1643.03 FEET TO A 3/4
9-37 INCH IRON PIPE IN THE NORTHERLY LINE OF HARDIN STORE ROAD (UNKNOWN
9-38 RIGHT OF WAY) FOR THE SOUTHWEST CORNER OF A 1.00 ACRE TRACT AND
9-39 MARKING AN ANGLE POINT OF THE HEREIN DESCRIBED PARCEL OF LAND;
9-40 THENCE, SOUTH 47° 20' 53" WEST, ALONG THE NORTHERLY RIGHT OF WAY LINE
9-41 OF HARDIN STORE ROAD AND THE SOUTHERLY LINE OF THE HEREIN DESCRIBED
9-42 PARCEL, A DISTANCE OF 424.45 FEET TO A 1/2 INCH IRON ROD FOUND FOR
9-43 THE NORTHEAST CORNER OF A CALLED 0.671 ACRE TRACT MARKING AN ANGLE
9-44 POINT OF THE HEREIN DESCRIBED PARCEL OF LAND;
9-45 THENCE, SOUTH 89° 34' 07" WEST (CALLED SOUTH 89° 31' 00" WEST) ALONG
9-46 THE SOUTHERLY LINE OF THE HEREIN DESCRIBED PARCEL, PASSING AT A
9-47 DISTANCE OF 263.33 FEET TO A 5/8 INCH IRON ROD FOUND FOR THE
9-48 NORTHWEST CORNER OF THE SAID CALLED 0.671 ACRE TRACT AND THE
9-49 NORTHEAST CORNER OF LOG TOWNE SUBDIVISION, CONTINUING FOR A
9-50 DISTANCE OF 722.41 FEET TO A 1 INCH IRON FOUND FOR AN ANGLE POINT IN
9-51 THE SAID CALLED LOG TOWN SUBDIVISION MARKING THE SOUTHWEST CORNER
9-52 OF THE HEREIN DESCRIBED PARCEL OF LAND;
9-53 THENCE, NORTH 00° 03' 36" WEST (CALLED NORTH), PASSING AT A DISTANCE
9-54 OF 1097.96 FEET TO A 3/4 INCH IRON PIPE FOR THE NORTHEAST CORNER OF
9-55 THE SAID CALLED LOG TOWNE SUBDIVISION, CONTINUING FOR A DISTANCE OF
9-56 2384.46 FEET TO A 3/4 INCH IRON PIPE FOUND, CONTINUING FOR A TOTAL
9-57 DISTANCE OF 2736.02 FEET TO A 1/2 INCH IRON ROD FOUND IN THE EAST
9-58 LINE OF THE CALLED BRITWOOD ESTATES FOR AN ANGLE POINT IN THE HEREIN
9-59 DESCRIBED PARCEL OF LAND;
9-60 THENCE, NORTH 00° 06' 02" EAST (CALLED NORTH) ALONG THE EAST LINE OF
9-61 THE SAID CALLED BRITWOOD ESTATES SUBDIVISION AND THE WEST LINE OF
9-62 THE HEREIN DESCRIBED PARCEL, PASSING AT A DISTANCE OF 876.43 FEET TO
9-63 A 5/8 INCH IRON ROD FOUND, CONTINUING FOR A DISTANCE OF 1057.19 FEET
9-64 TO A 1/2 INCH IRON ROD FOUND, CONTINUING FOR A DISTANCE OF 1336.41
9-65 TO A L/2 INCH IRON ROD FOUND, CONTINUING FOR A TOTAL DISTANCE OF
9-66 1631.62 FEET TO A 3/4 INCH IRON ROD FOUND FOR THE NORTHEAST CORNER
9-67 OF THE SAID CALLED BRITWOOD ESTATES SUBDIVISION MARKING THE
9-68 NORTHWEST CORNER OF THE HEREIN DESCRIBED PARCEL OF LAND;
9-69 THENCE, SOUTH 89° 57' 51" EAST, ALONG THE NORTH LINE OF THE HEREIN

10-1 DESCRIBED PARCEL, PASSING AT A DISTANCE OF 323 .94 FEET A 1 INCH
10-2 IRON PIPE FOUND, PASSING AT A DISTANCE OF 411.65 FEET THE CENTERLINE
10-3 OF THE I. & G. N. RAILROAD CONTINUING FOR A DISTANCE OF 548.52,
10-4 CONTINUING FOR A TOTAL DISTANCE OF 1043.28 FEET (CALLED 1043.18) TO
10-5 THE POINT OF BEGINNING AND CONTAINING 104.52 ACRES.

10-6 SECTION 3. (a) The legal notice of the intention to
10-7 introduce this Act, setting forth the general substance of this
10-8 Act, has been published as provided by law, and the notice and a
10-9 copy of this Act have been furnished to all persons, agencies,
10-10 officials, or entities to which they are required to be furnished
10-11 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
10-12 Government Code.

10-13 (b) The governor, one of the required recipients, has
10-14 submitted the notice and Act to the Texas Commission on
10-15 Environmental Quality.

10-16 (c) The Texas Commission on Environmental Quality has filed
10-17 its recommendations relating to this Act with the governor,
10-18 lieutenant governor, and speaker of the house of representatives
10-19 within the required time.

10-20 (d) The general law relating to consent by political
10-21 subdivisions to the creation of districts with conservation,
10-22 reclamation, and road powers and the inclusion of land in those
10-23 districts has been complied with.

10-24 (e) All requirements of the constitution and laws of this
10-25 state and the rules and procedures of the legislature with respect
10-26 to the notice, introduction, and passage of this Act have been
10-27 fulfilled and accomplished.

10-28 SECTION 4. This Act takes effect immediately if it receives
10-29 a vote of two-thirds of all the members elected to each house, as
10-30 provided by Section 39, Article III, Texas Constitution. If this
10-31 Act does not receive the vote necessary for immediate effect, this
10-32 Act takes effect September 1, 2017.

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