1-1 By: Nichols S.B. No. 2594 (In the Senate - Filed April 5, 2023; April 11, 2023, read time and referred to Committee on Local Government; 1-2 1-3 first 1-4 April 24, 2023, reported favorably by the following vote: Yeas 8, 1-5 Nays 0; April 24, 2023, sent to printer.)

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1-7		Yea	Nay	Absent	PNV
1-8	Bettencourt	Х	-		
1-9	Springer	Х			
1-10	Eckhardt	Х			
1-11	Gutierrez			X	
1-12	Hall	X			
1-13	Nichols	X			
1-14	Parker	X			
1-15	Paxton	X			
1-16	West	X			

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

1-19 relating to the creation of the Liberty County Management District 1-20 No. 2; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS: 1-21

SECTION 1. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 4002 to read as follows:

CHAPTER 4002. LIBERTY COUNTY MANAGEMENT DISTRICT NO. 2

4002.0101. Sec.

- SUBCHAPTER A. GENERAL PROVISIONS
  0101. DEFINITIONS. In this chapter:
  "Board" means the district's board of directors. (1)
  - "City" means the City of Cleveland, Texas. (2)
  - "County" means Liberty County. (3)
  - (4)
- "Director" means a board member.
  "District" means the Liberty County Management (5)

1-33 District No. 1-34

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Sec. 4002.0102. NATURE OF DISTRICT. The Liberty County Management District No. 2 is a special district created under

Section 59, Article XVI, Texas Constitution.

Sec. 4002.0103. PURPOSE; DECLARATION OF INTENT. (a) The creation of the district is essential to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this chapter.

By creating the district and in authorizing the county, city, and other political subdivisions to contract with the district, the legislature has established a program to accomplish the public purposes set out in Section 52-a, Article III, Texas Constitution.

- creation of the district is necessary to promote, (C) The encourage, and maintain employment, develop, commerce, the <u>arts</u>, transportation, housing, tourism, recreation, entertainment, economic development, safety, and the public
- welfare in the district.

  (d) This chapter and the creation of the district may not be interpreted to relieve the county or the city from providing the level of services provided as of the effective date of the Act enacting this chapter to the area in the district. The district is created to supplement and not to supplant county or city services provided in the district.
- Sec. 4002.0104. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. All land and other property included in the district will 1-58 1-59 1-60 benefit from the improvements and services to be provided by the district under powers conferred by Sections 52 and 52-a, Article 1-61

III, and Section 59, Article XVI powers granted under this chapter. Article XVI, Texas Constitution, and other 2-1 2-2

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

2-4 benefit. 2**-**5 2**-**6

- (c) The creation of the district is in the public interest and is essential to further the public purposes of:
  - (1) developing and diversifying the economy of the

2-8 state; 2-9

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eliminating unemployment and underemployment; and (2)(3) developing or expanding transportation and

commerce

(d) The district will:

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

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

- (3) promote the health, safety, welfare, and enjoyment of the public by providing pedestrian ways and by landscaping and developing certain areas in the district, which are necessary for the restoration, preservation, and enhancement of scenic beauty;
- provide for water, wastewater, drainage, road, and
- recreational facilities for the district.

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

The district will the not act as instrumentality of any private interest even though the district will benefit many private interests as well as the public.

Sec. 4002.0105. INITIAL DISTRICT TERRITORY. (a) The district is initially composed of the territory described by Section 2 of the Act enacting this chapter.

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

(1) organization, existence, or validity;
(2) right to issue any type of bonds for the purposes

for which the district is created or to pay the principal of and interest on the bonds;

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

(4) legality or operation.

4002.0106. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. A 1 1 or any part of the area of the district is eligible to be included in:

a tax increment reinvestment zone created under Chapter 311, Tax Code; or

(2) a tax abatement reinvestment zone created under

Chapter 312, Tax Code.
Sec. 4002.0107. Sec. 4002.0107. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICTS LAW. Except as otherwise provided by this chapter, Chapter 375, Local Government Code, applies to the district.

4002.0108. CONSTRUCTION OF CHAPTER. This chapter shall be liberally construed in conformity with the findings and purposes stated in this chapter.

BOARD OF DIRECTORS SUBCHAPTER B.

4002.0201. GOVERNING BODY; TERMS. (a) The district is governed by a board of five directors elected or appointed as provided by this chapter and Subchapter D, Chapter 49, Water Code.

(b) Except as provided by Section 4002.0203, directors

serve staggered four-year terms.

Sec. 4002.0202. COMPENSATION. A director entitled is receive fees of office and reimbursement for actual expenses as provided by Section 49.060, Water Code. Sections 375.069 and 375.070, Local Government Code, do not apply to the board.

4002.0203. TEMPORARY DIRECTORS. (a) On or <u>after the</u> effective date of the Act creating this chapter, the owner or owners of a majority of the assessed value of the real property in the district according to the most recent certified tax appraisal roll for the county may submit a petition to the Texas Commission on Environmental Quality requesting that the commission appoint as temporary directors the five persons named in the petition. The commission shall appoint as temporary directors the five persons named in the petition.

(b) The temporary or successor temporary directors shall an election to elect five permanent directors as provided by

Section 49.102, Water Code.

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Temporary directors serve until the earlier of:

(1) the date permanent directors are elected under Subsection (b); or (2) the fourth anniversary of the effective date of

the Act creating this chapter.

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

fourth anniversary of the date of the (2) the

appointment or reappointment.

(e) If Subsection (d) applies, the owner or owners of a majority of the assessed value of the real property in the district according to the most recent certified tax appraisal roll for the county may submit a petition to the Texas Commission on Environmental Quality requesting that the commission appoint as successor temporary directors the five persons named in the petition. The commission shall appoint as successor temporary directors the five persons named in the petition.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 4002.0301. GENERAL POWERS AND DUTIES.

The <u>district</u> has the powers and duties necessary to accomplish the purposes for which the district is created.

- Sec. 4002.0302. IMPROVEMENT PROJECTS AND SERVICES. ct, using any money available to the district (a) The district, using any money available to the district purpose, may provide, design, construct, acquire, for the improve, relocate, operate, maintain, or finance an improvement project or service authorized under this chapter or Chapter 375, Local Government Code.

  (b) The district may contract with a governmental or private
- entity to carry out an action under Subsection (a).
- (c) The implementation of a district project or service is a governmental function or service for the purposes of Chapter 791, Government Code.

4002.0303. LAW ENFORCEMENT SERVICES. Sec. 4002.0303. LAW ENFORCEMENT SERVICES. To protect the public interest, the district may contract with a qualified party, including the county or the city, to provide law enforcement services in the district for a fee.

Sec. 4002.0304. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. The district may join and pay dues to a charitable or nonprofit organization that performs a service or provides an activity consistent with the furtherance of a district purpose.

Sec. 4002.0305. ECONOMIC DEVELOPMENT PROGRAMS. (a) The district may engage in activities that accomplish the economic

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

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

The district may create economic development exercise the economic development powers provided to and municipalities by:

Chapter 380, Local Government Code; and

(2) Subchapter A, Chapter 1509, Government Code

4002.0306. PARKING FACILITIES. (a) The district may acquire, lease as lessor or lessee, construct, develop, own, operate, and maintain parking facilities or a system of parking facilities, including lots, garages, parking terminals, or other structures or accommodations for parking motor vehicles off the streets and related appurtenances.

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

years.

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

facilities may be considered an economic development program.

Sec. 4002.0307. ADDING OR EXCLUDING LAND. The district may add or exclude land in the manner provided by Subchapter J, Chapter 49, Water Code, or by Subchapter H, Chapter 54, Water Code.
Sec. 4002.0308. DISBURSEMENTS AND TRANSFERS OF MONEY.

board by resolution shall establish the number of directors' signatures and the procedure required for a disbursement or transfer of district money.

Sec. 4002.0309. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

SUBCHAPTER D. ASSESSMENTS

- Sec. 4002.0401. PETITION REQUIRED FOR FINANCING SERVICES AND IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a service or improvement project with assessments under this chapter unless a written petition requesting that service or improvement has been filed with the board.
- (b) A petition filed under Subsection (a) must be signed by the owners of a majority of the assessed value of real property in the district subject to assessment according to the most recent certified tax appraisal roll for the county.

  Sec. 4002.0402. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a)
- The board by resolution may impose and collect an assessment for any purpose authorized by this chapter in all or any part of
- (b) An assessment, a reassessment, or an assessment resulting from an addition to or correction of the assessment roll by the district, penalties and interest on an assessment or reassessment, an expense of collection, and reasonable attorney's fees incurred by the district:

  (1) are a first and prior lien against the property
- assessed;
- are superior to any other lien or claim other than a lien or claim for county, school district, or municipal ad valorem taxes; and
- are the personal liability of and a charge against the owners of the property even if the owners are not named in the assessment proceedings.
- (c) The lien is effective from the date of the board's resolution imposing the assessment until the date the assessment is paid. The board may enforce the lien in the same manner that the board may enforce an ad valorem tax lien against real property.
- (d) The board may make a correction to or deletion from the assessment roll that does not increase the amount of assessment of any parcel of land without providing notice and holding a hearing in the manner required for additional assessments.

SUBCHAPTER E. TAXES AND BONDS

Sec. 4002.0501. TAX ELECTION REQUIRED. The <u>district</u> (a) must hold an election in the manner provided by Chapter 49, Water Code, or, if applicable, Chapter 375, Local Government Code, to obtain voter approval before the district may impose an ad valorem tax.

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

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4002.0502. OPERATION AND MAINTENANCE TAX.
                                                       (a)
                                                             Ιf
authorized by a majority of the district voters voting at
                                                             an
election under Section 4002.0501, the district may impose
                                                             an
operation and maintenance tax on taxable property in the district
in the manner provided by Section 49.107, Water Code, for any
district purpose, including to:
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- (1) maintain and operate the district;
- construct or acquire improvements; or

provide a service. (3)

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- The board shall determine the operation and maintenance (b) not exceed the rate approved at the rate. The rate may election.
- 4002.0503. AUTHORITY TO BORROW MONEY AND TO Sec. BONDS AND OTHER OBLIGATIONS. (a) The district may borrow money on terms determined by the board.
- (b) The district may issue bonds, notes, or other obligations payable wholly or partly from ad valorem taxes, assessments, impact fees, revenue, contract payments, grants, or other district money, or any combination of those sources of money, to pay for any authorized district purpose.

  (c) The limitation on the outstanding principal amount of
- notes, or other obligations provided by Section 49.4645, Water Code, does not apply to the district.
- 4002.0504. BONDS SECURED BY Sec. REVENUE OR CONTRACT The district may PAYMENTS. issue, without an election, bonds secured by:
- (1)revenue other than ad valorem taxes, including contract revenues; or
- (2) contract payments, provided that the requirements tion 49.108, Water Code, have been met.
  Sec. 4002.0505. BONDS SECURED BY AD VALOREM TAXES; of Section
- ELECTIONS. (a) If authorized at an election under Section 4002.0501, the district may issue bonds payable from ad valorem taxes.
- At the time the district issues bonds payable wholly or partly from ad valorem taxes, the board shall provide for the annual imposition of a continuing direct annual ad valorem tax, without limit as to rate or amount, for each year that all or part of the bonds are outstanding as required and in the manner provided by Sections 54.601 and 54.602, Water Code.

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

  Sec. 4002.0506. CONSENT OF MUNICIPALITY REQUIRED. (a) The board may not issue bonds until each municipality in whose corporate limits or extraterritorial jurisdiction the district is located has consented by ordinance or resolution to the creation of the district and to the inclusion of land in the district, as required by applicable law.

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

SUBCHAPTER I. DISSOLUTION

- Sec. 4002.0901. DISSOLUTION. (a) The board shall dissolve the district on written petition filed with the board by the owners of at least two-thirds of the assessed value of the property subject to assessment or taxation by the district based on the most recent certified county property tax rolls.
- The board by majority vote may dissolve the district at (b) any time.
- (c) The district may not be dissolved by its board under Subsection (a) or (b) if the district:
- (1) has any outstanding bonded indebtedness until that bonded indebtedness has been repaid or defeased in accordance with
- the order or resolution authorizing the issuance of the bonds;
  (2) has a contractual obligation to pay money until that obligation has been fully paid in accordance with the contract; or
  - (3) owns, operates, or maintains public works,

facilities, or improvements unless the district contracts with another person for the ownership, operation, or maintenance of the 6-1 6-2 public works, facilities, or improvements. 6-3

(d) Sections 375.261, 375.262, 375.264, and Local

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Government Code, do not apply to the district.

SECTION 2. The Liberty County Management District No. 2 initially includes all territory contained in the following area:

A 236.217 acre, or 10,289,620 square feet more or less, tract of land, being a portion of a called  $3\overline{68.6110}$  acre tract of land as described in a deed recorded in Volume 1490, Page 338 Official Public Records of Liberty County and being a portion of Friendswood tracts of land as described in a deed recorded in Volume 626, Page 324 Official Public Records of Liberty County and being a portion of Strother Timberlands, Ltd. tracts of land as described in a deed recorded in Volume 1394, Page 672 Official Public Records of Liberty County and being a portion of Eugene Campbella as described in a deed recorded in Volume 1404, Page 346 Official Public Records of Liberty County. Said 236.217 acre tract being more fully described as follows, with bearings based on the Texas Coordinate System of 1983, Central Zone:

BEGINNING at a TXDOT monument found for the southwest corner of said 359.4174 acre tract and the northwest corner of said 327.35 acre tract and the northeast corner of a called 64.6488 acre tract as recorded under Volume 1953, Page 23 of the Official Public Records of Liberty County, Texas and along Extra-Territorial Jurisdiction (ETJ) line;

THENCE, S  $03^{\circ}29'24''$  E, along and with the west line of said 138.7288 acre tract and the east line of said 359.4174 acre tract a distance of 2,883.20 feet to a point for the southwest corner of a called 20.000 acre tract as recorded under Volume 1546, Page 662 of the Official Public Records of Liberty County, Texas;

THENCE, N  $86^{\circ}40'59"$  E, along the common line of the Extra-Territorial Jurisdiction (ETJ) line and said 359.4174 acre tract and along said 20.000 acre tract, a distance of 157.93 feet to a point for the east corner of the herein described tract and the northwest corner of a called 50.000 acre tract as recorded under Volume 1448, Page 446 of the Official Public Records of Liberty County, Texas;

THENCE, S 01°59'28" E, along said common line, a distance of 2,076.23 feet to a point for the southeast corner of the herein described tract and the southwest corner of said 50.000 acre tract and on the north line of ship Farm Addition as recorded under Volume 1, Page 26 of the Liberty County Map Records;

THENCE, S 86°59'49" W, along said common line, a distance of 1,783.46 feet to a point for the southwest corner of the herein described tract and on the north line of a called 178.40 acre tract as recorded under Liberty County Clerk's File Number 2004009912;

THENCE, along and with the line of said ETJ and over and

across said 359.4174 acre tract, the following courses distances:

N 02°59'01" W, departing said north line, a distance of 3,260.25 feet to point for an interior corner; S  $77^{\circ}59'08''$  W, a distance of 1,651.66 feet to a point for a

west corner of the herein described tract and on the east line of a 77.1974 acre tract as recorded under Liberty County Clerk's File Number 20040015473 and on the west line of said 359.4171 acre tract;

THENCE, N 00°57'53" E, along and with said common line, a distance of 974.75 feet to a point for the northwest corner of the herein described tract;

THENCE, N  $65^{\circ}53'11"$  E, along and with said common line, a distance of 276.91 feet to an interior corner;

THENCE, N  $22^{\circ}19'58"$  W, a distance of 172.48 feet to a point corner and on the southeast right-of-way line of State Highway Number 105 (width varies) and on the north line of said 359.4174 acre tract;

THENCE, N  $67^{\circ}46'10''$  E, along and with said southeast right-of-way line, a distance of 1,165.84 feet to a point of a tangent curve to the right;

THENCE, Northeasterly, along a tangent curve to the right, a

radius of 3,208.83 feet, a central angle of  $14^{\circ}58'29"$ , a chord bearing and distance of N  $75^{\circ}15'24"$  E, 836.27 feet, for an arc length 7-1

of 838.65 feet to a to a point of tangency;

THENCE, N 82°24'50" E, along and with said southeast right-of-way line, a distance of 594.74 feet to a point of a tangent curve to the left;

THENCE, Northeasterly, along a tangent curve to the left, a radius of 853.02 feet, a central angle of  $26^{\circ}03'00"$ , a chord bearing and distance of N  $69^{\circ}23'37"$  E, 384.50 feet, for an arc length of 387.83 feet to a to a point of tangency;

THENCE: N 85°11'36" E, a distance of 120.34 feet to the POINT BEGINNING, and containing 236.217 acres in the City of Cleveland, Liberty County, Texas.

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

- The governor, one of the required recipients, has the notice and Act to the Texas Commission on (b) submitted Environmental Quality.
- (c) The Texas Commission on Environmental Quality has filed its recommendations relating to this Act with the governor, lieutenant governor, and speaker of the house of representatives within the required time.
- (d) All requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act have been fulfilled and accomplished.

SECTION 4. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2023.

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