

By: Elkins

H.B. No. 1400

A BILL TO BE ENTITLED

1 AN ACT

2 relating to payment of costs of improvements of a public  
3 improvement district designated by a municipality or county.

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

5 SECTION 1. Section 372.023, Local Government Code, is  
6 amended by amending Subsections (a), (d), (e), and (g) and adding  
7 Subsections (a-1) and (d-1) to read as follows:

8 (a) Costs of improvements may be paid or reimbursed by any  
9 combination of the methods described by this section if the  
10 improvements are dedicated, conveyed, leased, or otherwise  
11 provided to or for the benefit of:

12 (1) a municipality or county;

13 (2) a political subdivision or other entity exercising  
14 the powers granted under this subchapter as authorized by other  
15 law; or

16 (3) an entity that:

17 (A) is approved by the governing body of an  
18 entity described by Subdivision (1) or (2); and

19 (B) is authorized by order, ordinance,  
20 resolution, or other official action to act for an entity described  
21 by Subdivision (1) or (2) [The cost of an improvement made under  
22 this subchapter must be paid in accordance with this section].

23 (a-1) The payment or reimbursement may be provided before or  
24 after a method of payment or reimbursement authorized by this

1 section is entered into or issued.

2 (d) Costs [~~A cost~~] payable from a special assessment that is  
3 payable [~~to be paid~~] in installments may be paid by any combination  
4 of the following methods [~~and a cost payable by the municipality or~~  
5 ~~county as a whole but not payable from available general funds or~~  
6 ~~other available general improvement funds shall be paid~~];

7 (1) under an installment sales [~~sale~~] contract or a  
8 reimbursement agreement between the municipality or county and  
9 [~~with~~] the person who acquires, installs, or constructs the  
10 improvements [~~contracts to install or construct the improvement for~~  
11 ~~which the costs apply~~];

12 (2) as provided by a temporary note or time warrant  
13 issued by the municipality or county and payable to the [~~reimburse~~  
14 ~~a~~] person who acquires, installs, or constructs the improvements  
15 [~~for money advanced or work performed in connection with an~~  
16 ~~improvement~~]; or

17 (3) by the issuance and sale of [~~revenue or general~~  
18 ~~obligation~~] bonds under Section 372.024.

19 (d-1) An installment sales contract, reimbursement  
20 agreement, temporary note, or time warrant described by Subsection  
21 (d) may be assigned by the payee without the consent of the  
22 municipality or county.

23 (e) The [~~net effective~~] interest rate [~~, as computed for a~~  
24 ~~public security under Section 1204.005, Government Code,~~] on unpaid  
25 amounts due under an installment sales contract, reimbursement  
26 agreement, temporary note, or time warrant described by [~~money owed~~  
27 ~~or paid under~~] Subsection (d):

1                   (1) may not exceed, for a period of not more than five  
2 years, as determined by the governing body of the municipality or  
3 county, five [one-half of one] percent above the highest average  
4 index [interest] rate for tax-exempt bonds reported in a daily or  
5 [by a newspaper in a] weekly bond index approved by the governing  
6 body and reported in the month before the date the obligation was  
7 incurred; and

8                   (2) after the period described by Subdivision (1), may  
9 not exceed two percent above the bond index rate described by  
10 Subdivision (1) [of the contract or agreement or the issuance of the  
11 bond, temporary note, or time warrant. The newspaper must  
12 specialize in bonds and be acceptable as a reliable source for bond  
13 interest rates to the governing body of the municipality or county  
14 that enters into the contract or agreement or that issues the bond,  
15 temporary note, or time warrant].

16                   (g) The cost of more than one improvement may be paid:

17                   (1) from a single issue and sale of bonds without other  
18 consolidation proceedings before the bond issue; or

19                   (2) under a single installment sales contract,  
20 reimbursement agreement, temporary note, or time warrant [an  
21 agreement with a person who contracts to install or construct the  
22 improvement and who sells the improvement to the municipality or  
23 county].

24                   SECTION 2. Section 372.023(f), Local Government Code, is  
25 repealed.

26                   SECTION 3. This Act takes effect immediately if it receives  
27 a vote of two-thirds of all the members elected to each house, as

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1 provided by Section 39, Article III, Texas Constitution. If this  
2 Act does not receive the vote necessary for immediate effect, this  
3 Act takes effect September 1, 2011.