

GOVERNMENT CODE

SUBTITLE I. SPECIFIC AUTHORITY FOR COUNTIES TO ISSUE SECURITIES

CHAPTER 1471. BONDS FOR COUNTY ROADS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1471.001. APPLICABILITY OF CHAPTER. This chapter applies only to the following political subdivisions:

- (1) a county, including a county operating under a special road tax law;
- (2) a commissioners precinct or a justice precinct of a county; and
- (3) a road district.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.002. CONFLICTS OF LAW. To the extent of a conflict between this chapter and Chapter 1204, Chapter 1204 controls.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER B. ISSUANCE OF BONDS

Sec. 1471.011. AUTHORITY TO ISSUE ROAD BONDS. (a) In this section, "bonds" includes tax anticipation notes, bond anticipation notes, and other obligations.

(b) A political subdivision may issue bonds in the manner provided by this chapter and Section 52, Article III, Texas Constitution, to:

- (1) construct, purchase, maintain, or operate a macadamized, graveled, or paved road or turnpike; or
- (2) aid a purpose described by Subdivision (1).

(c) An issuer of bonds under Subsection (b) may impose ad valorem taxes to pay the interest on the bonds and provide a sinking fund for the redemption of the bonds.

(d) The total amount of bonds issued under this chapter may not exceed one-fourth of the assessed value of real property of the political subdivision issuing the bonds.

(e) In determining the limitation imposed by Subsection (d), the assessed value of property of the political subdivision is the market value of the property as recorded by the chief appraiser of the appraisal district that appraises property for the political subdivision.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.012. EMERGENCY NOTES. (a) If money is not available, a political subdivision may:

- (1) declare an emergency to:
 - (A) pay the principal of and interest on bonds issued under this chapter any part of which is payable from taxes; or
 - (B) meet any other need of the political subdivision; and
- (2) issue tax or bond anticipation notes to borrow the money needed.

(b) Notes issued under this section must mature not later than one year after their date.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.013. TAX ANTICIPATION NOTES. (a) A political subdivision may issue tax anticipation notes authorized by Section 1471.012 for any purpose for which the political subdivision is authorized to impose taxes under Subtitle C, Title 6, Transportation Code.

(b) Tax anticipation notes must be secured by the proceeds of taxes to be imposed in the succeeding 12 months.

(c) The commissioners court may covenant with purchasers of the notes to impose a tax sufficient to pay:

- (1) the principal of and interest on the notes; and
- (2) the costs of collecting the taxes.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.014. BOND ANTICIPATION NOTES. (a) A political subdivision may issue bond anticipation notes authorized by Section 1471.012 for:

- (1) any purpose for which bonds of the political subdivision have been previously approved at an election; or
- (2) refunding previously issued bond anticipation notes.

(b) A political subdivision may covenant with the purchasers of the bond anticipation notes to use the proceeds of sale of any bonds in the process of being issued to refund the bond anticipation notes. An issuer making a covenant under this subsection shall apply the proceeds received from the sale of the bonds in the process of being issued to pay the principal of,

interest on, or redemption price of the bond anticipation notes.
Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.015. ELECTION ON ISSUANCE OF BONDS: COUNTY. (a) On the motion of the commissioners court or on receipt of a petition signed by a number of registered voters of the county equal to at least one percent of the total votes cast in the county in the most recent general election for governor, the court at a regular or special session shall order an election to be held in the county to determine whether the county shall:

(1) issue bonds to:
(A) construct, maintain, or operate a macadamized, graveled, or paved road or turnpike; or
(B) aid a purpose described by Paragraph (A);
and

(2) impose taxes on all property in the county subject to taxation to pay the interest on the bonds and to provide a sinking fund for the redemption of the bonds at maturity.

(b) A petition submitted under Subsection (a) that designates a particular road or project or a portion of a road or project must be accompanied by a written estimate of the cost of the road or project prepared by the county engineer at the expense of the county.

(c) In addition to the requirements provided by Chapters 3 and 4, Election Code, the election order and notice of election under this section must state:

(1) the purpose for which the bonds are to be issued;
(2) the amount of the bonds;
(3) the rate of interest; and
(4) that ad valorem taxes will be imposed annually on all taxable property in the county in amounts sufficient to pay the bonds at maturity.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.016. PETITION FOR ELECTION ON ISSUANCE OF BONDS: PRECINCT OR ROAD DISTRICT. (a) A commissioners or justice precinct or a road district may not issue bonds under this chapter unless a petition is submitted to the commissioners court of the county and an election is ordered under Section 1471.017.

(b) A petition under this section must:
(1) request the commissioners court of the county in which the precinct or district is located to order an election to determine whether:

(A) bonds of the precinct or district shall be issued in an amount stated to:

(i) construct, maintain, or operate a macadamized, graveled, or paved road or turnpike; or
(ii) aid an activity described in Subparagraph (i); and

(B) taxes shall be imposed on all taxable property in the precinct or district in payment of the bonds; and

(2) be signed by:
(A) 50 or a majority of the registered voters of the precinct or district; or

(B) all of the owners of property in the precinct or district as determined by the county tax roll.

(c) On receipt of the petition, the commissioners court by order shall set the time and place for a hearing. The date of the hearing may not be less than 15 days or more than 90 days after the date the commissioners court orders the hearing. The county clerk shall immediately issue a notice of the time and place of the hearing.

(d) The notice of the hearing must:
(1) inform all interested persons of their right to appear at the hearing and contend for or protest the ordering of the bond election;

(2) state the amount of bonds proposed to be issued and describe the precinct or district by its name or number;

(3) for a district:
(A) include a description of the property comprising the district, including the district's estimated acreage and boundaries, described in a manner reasonably calculated to inform interested persons of the area comprising the district; and

(B) include a map or diagram of the area reasonably calculated to show the boundaries of the district and the major roadways in or adjacent to the district; and

(4) designate a county officer or employee from whom further details may be obtained.

(e) The clerk shall execute notice under this section in the same manner as required for an election under Section 1471.018.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.017. HEARING ON AND DETERMINATION OF PETITION: PRECINCT OR ROAD DISTRICT. (a) At the hearing on a petition submitted under Section 1471.016, the commissioners court shall hear all matters pertaining to the proposed bond election. Any interested person may appear before the court in person or by attorney and contend for or protest the calling of the proposed bond election.

(b) The commissioners court may order that an election be held in the commissioners or justice precinct or road district on the issue submitted in the petition if the court finds that:

(1) the petition is signed by the proper number of qualified persons;

(2) the required notice has been given; and

(3) the proposed improvements would benefit all taxable property in the precinct or district.

(c) The commissioners court may change the amount of bonds proposed to be issued if at the hearing the court finds the change is necessary or desirable.

(d) The proposition submitted at the election must specify:

(1) the purpose for which the bonds are to be issued;

(2) the amount of the bonds;

(3) the rate of interest; and

(4) that ad valorem taxes are to be imposed annually on all taxable property in the precinct or district in an amount sufficient to pay the annual interest and provide a sinking fund to pay the bonds at maturity.

(e) A proposition meets the requirements of this chapter if it is in the following form:

"Authorizing the (name of precinct or district) to issue its bonds in the total sum of \$_____ and to impose annually ad valorem taxes on all taxable property in the (precinct or district) to pay the interest on the bonds and create a sinking fund to redeem the principal at maturity for the purposes of the purchase or acquisition of roads and the construction, maintenance, and operation of macadamized, graveled, or paved roads and turnpikes or in aid of those purposes inside or outside the boundaries of the (precinct or district)."

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.018. NOTICE OF ELECTION. (a) Notice for all elections held under this chapter must be given as required by Chapter 4, Election Code. The commissioners court shall give notice of an election to be held for a commissioners or justice precinct or a road district by posting notice in at least three public places in the precinct or district and at the county courthouse door.

(b) The commissioners court may, in addition to the notice required by Subsection (a), prescribe that notice of an election or hearing for bonds to be issued for a precinct or district be given by mail to:

(1) each registered voter in the precinct or district;

(2) each owner of property in the precinct or district as shown on the tax roll of the county; and

(3) each person having an interest in property in the precinct or district as may reasonably be ascertained.

(c) Notice given under Subsection (b) is effective when properly addressed and mailed.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.019. RESULTS OF ELECTION. The commissioners court may issue bonds on the faith and credit of the applicable political subdivision if two-thirds of the voters voting in the election approve the issuance of the bonds.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.020. EFFECT OF LACK OF NOTICE. Notice under Section 1471.016(d) or 1471.018(a) is not a prerequisite to and does not affect the validity of a hearing or election to which the notice relates.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.021. MATURITY. A bond issued under this chapter must mature not later than 30 years after its date except as otherwise provided by this chapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.022. DESIGNATION OF BONDS. (a) Bonds issued under this chapter by the county as a whole must be designated as "_____ (name of county) County Road Bonds."

(b) Bonds issued under this chapter for a commissioners or justice precinct or a road district must:

(1) be designated as "Road Bonds"; and

(2) state on their face "The State of Texas," the name of the county, and the number or corporate name of the precinct or district issuing the bonds.

(c) Bonds issued under this chapter must state on their face that the bonds are issued under Section 52, Article III, Texas Constitution, and laws enacted under the constitution.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.023. DISPOSITION OF BOND PROCEEDS. (a) The commissioners court has the custody and control of bonds or bond anticipation notes issued under this chapter until sold under Chapter 1201.

(b) The portion of the proceeds that represents capitalized interest shall be placed in the county treasury to the credit of the applicable political subdivision and may be used only to pay interest due on the bonds or bond anticipation notes.

(c) Money remaining from the proceeds after the amounts described in Subsection (b) are deposited and after the costs of the issuance of the bonds or bond anticipation notes are paid shall be placed in the county treasury to the credit of the available road fund of the applicable political subdivision to be used for the purposes for which the bonds were issued, including:

(1) payment of the following costs as approved by the commissioners court:

(A) surveying;

(B) creation;

(C) construction or acquisition; or

(D) operation or maintenance; and

(2) payment or establishment of a reasonable reserve to pay an amount equal to not more than three years' interest on the notes and bonds of the political subdivision, as provided in the bond order or resolution.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.024. DUTIES OF COUNTY TREASURER. (a) The county treasurer is the custodian of:

(1) all money collected under this chapter; and

(2) all taxes collected to pay principal of and interest on bonds issued under this chapter.

(b) The county treasurer shall:

(1) deposit the money collected with the county depository in the same manner as other money of the county; and

(2) promptly pay the principal of and interest on the bonds as they become due from the money collected and deposited for that purpose.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.025. DISBURSEMENT OF BOND PROCEEDS BY COUNTY TREASURER. (a) The proceeds of county bonds may be paid out only by the county treasurer on warrants:

(1) drawn on the available road fund;

(2) issued by the county clerk;

(3) countersigned by the county judge; and

(4) on certified accounts approved by the commissioners court.

(b) The proceeds of bonds issued on the faith and credit of a commissioners or justice precinct or a road district may be paid out only by the county treasurer on warrants:

(1) drawn on the available road fund of the applicable political subdivision;

(2) issued by the county clerk;

(3) countersigned by the county judge; and

(4) approved by the commissioners court.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.026. INVESTMENT OF SINKING FUNDS. (a) The commissioners court may invest money in a sinking fund accumulated for the redemption and payment of any bonds issued under this chapter in:

(1) bonds of the United States, this state, or a county, municipality, school district, or road district of this state;

(2) bonds of the federal Farm Credit System; or
(3) certificates of indebtedness issued by the secretary of the treasury of the United States.

(b) Sinking funds accumulated for the redemption and payment of bonds issued under this chapter may not be invested in bonds the terms of which provide for a maturity date after the date of maturity of the bonds for which the sinking fund was created.

(c) Interest on an investment shall be applied to the sinking fund associated with the investment.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.027. USE OF BOND PROCEEDS OUTSIDE ROAD DISTRICT. A road district may use the proceeds of bonds issued under this chapter for road improvements located outside the district if the commissioners court finds that the improvements are reasonable, necessary, and beneficial to all taxable property in the district.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.028. USE OF SURPLUS SINKING FUND. An amount remaining in the sinking fund after the principal of and interest on the bonds are fully paid may be used by a political subdivision:

(1) for the construction, maintenance, and operation of macadamized, graveled, or paved roads or turnpikes;

(2) to aid a purpose described by Subdivision (1); or

(3) for a permanent improvement authorized by law as determined by the officials of the political subdivision.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.029. ELECTION FOR REPURCHASE AND CANCELLATION OF BONDS. (a) On receipt of a petition signed by at least 50 registered voters of the political subdivision issuing the bonds, the commissioners court shall order an election to determine whether road bonds in an amount equal to the unexpended and unpledged proceeds remaining from the sale of bonds issued under this chapter shall be repurchased, canceled, and revoked.

(b) The commissioners court shall hold an election ordered under Subsection (a) in the same manner as the election at which the bonds were originally authorized.

(c) The commissioners court may advertise for and repurchase the outstanding bonds from the holders if two-thirds of the voters voting in the election approve the repurchase, cancellation, and revocation.

(d) After repurchasing the bonds, the commissioners court shall:

(1) cancel and burn the bonds; and

(2) forward to the comptroller a certified copy of the minutes of the commissioners court showing the repurchase, cancellation, and destruction of the bonds.

(e) On receipt of a copy under Subsection (d)(2), the comptroller shall promptly cancel the registration of the bonds.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER C. REFINANCING ROAD DISTRICT BONDS THROUGH ASSESSMENTS

Sec. 1471.051. ALTERNATE REFUNDING BONDS AND CERTIFICATES OF ASSESSMENT AUTHORIZED. A road district may issue refunding bonds or certificates of assessment under this subchapter to refinance any portion of any outstanding bonded indebtedness if:

(1) the district receives a petition that:

(A) requests the issuance of the bonds or certificates; and

(B) is signed by persons who own taxable real property in the district that in total is valued at an amount at least equal to 66 percent of the appraised value of all taxable real property in the district, as determined by the most recent certified appraisal roll of the appraisal district in which the property is located; and

(2) the district determines, after notice and public hearing held in accordance with this subchapter, that the property in the district will benefit from the refinancing.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.052. ASSESSMENT AS SECURITY. Bonds or certificates issued under this subchapter must be secured by a pledge of all or part of the money received by the road district from an assessment made against all taxable real property in the district under this subchapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.053. MATURITY. A bond or certificate issued under this subchapter must mature not later than 30 years after its date

of issuance.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.054. PREPARATION OF ASSESSMENT. Before issuing bonds or certificates under this subchapter, the road district by order shall:

(1) determine, as appropriate, the amount necessary to pay all or a part of the principal of and interest on:

(A) the refunding bonds on maturity; or

(B) the outstanding bonded indebtedness of the

district;

(2) prepare a plan the district determines is equitable for apportioning the amount determined under Subdivision (1) among the record owners of real property in the district based on the ratio that the appraised value of each lot or parcel in the district bears to the total appraised value of real property in the district; and

(3) hold a public hearing on the district's intention to issue bonds or certificates.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.055. NOTICE OF HEARING. (a) Notice of the hearing ordered under Section 1471.054 must provide:

(1) the date, time, place, and subject matter of the hearing;

(2) that refunding bonds or certificates of assessment are proposed to be issued by the road district;

(3) the purpose for which the bonds or certificates are to be issued;

(4) the amount determined under Section 1471.054(1); and

(5) the plan prepared by the district under Section 1471.054(2).

(b) Notice containing the information required by Subsection (a) must be published in a newspaper of general circulation in the county not later than the 30th day before the date of the hearing.

(c) Not later than the 14th day before the date of the hearing, the district shall mail to each owner of real property in the district as determined from the most recent certified appraisal roll of the appraisal district in which the property is located notice containing:

(1) the information required by Subsection (a)(1); and

(2) an estimate of the amount of the assessment to be apportioned to that owner's property.

(d) The failure of a property owner to receive notice of the hearing and of the estimated assessment does not affect the validity of the hearing or a subsequent assessment.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.056. IMPOSITION OF ASSESSMENT. (a) If, at the conclusion of the hearing, the road district by order determines that the property in the district will benefit from refinancing under this subchapter, the district may:

(1) issue refunding bonds or certificates of assessment to pay all or part of the district's bonded indebtedness; and

(2) impose the assessments as special assessments on the property in the district.

(b) For assessments imposed under Subsection (a), the district:

(1) shall specify the method of payment and rate of interest of the assessments; and

(2) may provide for payment in periodic installments in amounts necessary to pay the principal of and interest on the refunding bonds or certificates of assessment as accrued.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.057. APPEAL OF ASSESSMENT. (a) A property owner may appeal an assessment under this subchapter by filing a notice of appeal with the road district not later than the 30th day after the date the assessment is adopted. After receiving notice of appeal under this subsection, the district shall set a date to hear the appeal.

(b) A property owner may appeal a district's decision on an assessment made under this subchapter to a court by filing notice of the appeal with the court not later than the 30th day after the date of the district's final decision on the assessment.

(c) A property owner who fails to file notice in the time required by Subsection (a) or (b) loses the right to appeal the assessment.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.058. REASSESSMENT. (a) A road district may make a new assessment of property assessed under this subchapter if an assessment of the property is:

- (1) set aside by a court;
- (2) found excessive by the district; or
- (3) determined invalid by the district.

(b) A district may reassess property if:

(1) at the time the bonds or certificates are issued under this subchapter, the property is exempt from taxation under Subchapter B, Chapter 11, Tax Code, or appraised under Subchapter C, D, or E, Chapter 23, Tax Code; and

(2) the property subsequently loses its exemption or is not eligible for appraisal under Subchapter C, D, or E, Chapter 23, Tax Code.

(c) A district may make a supplemental assessment to correct an omission or mistake in an assessment.

(d) Before making an assessment under Subsection (b) or (c), a district must give notice and conduct a hearing in the manner required for an original assessment.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.059. ADJUSTMENT OF VALUES FOLLOWING REASSESSMENT. (a) In making a reassessment under Section 1471.058(b), the road district shall assess the property using the property's market value for the year preceding the year in which the bonds or certificates are issued.

(b) The district shall proportionately reduce the assessment of the other property in the district to reflect the value of the reassessed property. The district shall refund to a property owner the difference between the amount of the original assessment and a new assessment under this subsection if the property owner has paid the entire amount of the original assessment.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.060. LIEN FOR UNPAID ASSESSMENT. (a) An assessment under this subchapter, any interest, and any expenses of collection or reasonable attorney's fees incurred are a lien against the assessed property until paid.

(b) A lien under Subsection (a):

(1) is superior to any other lien except an ad valorem tax lien; and

(2) is effective from the date the assessment is imposed until the date the total amount of the assessment for the property is paid.

(c) A road district may enforce a lien under Subsection (a) in the same manner as the commissioners court enforces an ad valorem tax lien.

(d) The owner of assessed property is personally liable for the payment of an assessment under this subchapter and may pay at any time the entire amount of the assessment and accrued interest on any lot or parcel. Liability for an assessment passes with the property on a transfer of ownership.

(e) A lien for a supplemental assessment or reassessment is effective even if the property has been released from a prior lien under this subchapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.061. ISSUANCE AND FORM OF CERTIFICATES. (a) A road district may issue and transfer, on terms determined by the district, a certificate of assessment for each assessed lot or parcel. A certificate of assessment may be issued under Chapter 1207 as if it were a bond. On making a supplemental assessment or reassessment, the district shall provide a certificate of assessment reflecting any change in the value of the original assessment.

(b) A certificate must state:

- (1) the amount of the lien on the assessed property;
- (2) the liability of the property owner for the lien;
- (3) the terms of transfer of the certificate;
- (4) that the assessment was imposed and the certificate was issued under this subchapter; and
- (5) that the certificate is not an obligation of or secured by a pledge of the faith or credit of a county in which the

district is located.

(c) A certificate is prima facie evidence of all the matters shown on the certificate.

(d) A holder of the certificate may enforce the assessment in the same manner as the district may enforce assessments made under this subchapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.062. ASSESSMENTS CONSIDERED TAXES. For purposes of a title insurance policy issued under Title 11, Insurance Code, an assessment under this subchapter and any interest on or expenses or attorney's fees related to the assessment are considered taxes. Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999. Amended by Acts 2005, 79th Leg., ch. 728, Sec. 11.121, eff. Sept. 1, 2005.

SUBCHAPTER D. COMPENSATION BONDS

Sec. 1471.081. ELECTION AUTHORIZED. (a) On receipt of a petition signed by 250 registered voters residing anywhere in the county, the commissioners court shall order an election in the county to determine whether bonds of the county shall be issued to fully compensate a commissioners or justice precinct or a road district for bonds authorized to be issued under a general or special law adopted under Section 52, Article III, Texas Constitution.

(b) At the election, the ballot proposition must include:

(1) the purpose for which the bonds are to be issued; and

(2) the question as to whether a tax shall be imposed on the taxable property in the county to pay the interest on the bonds and to provide a sinking fund for the redemption of the bonds.

(c) If the bonds of the precinct or district have been authorized but not issued and sold or if the bonds have been sold but the proceeds have not been spent, the ballot proposition must state: "The issuance of county bonds for the construction of district roads and the further construction, maintenance, and operation of macadamized, graveled, or paved roads and turnpikes, or in aid of these purposes, throughout the county."

(d) If the bonds of the precinct or district have been issued and the proceeds have been applied to the construction of roads in the precinct or district, the ballot proposition must state: "The issuance of county bonds for the purchase of district roads and the further construction, maintenance, and operation of macadamized, graveled, or paved roads and turnpikes, or in aid of these purposes, throughout the county."

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.082. ISSUANCE OF COUNTY BONDS. (a) If the proposition to issue county bonds receives the required favorable vote, the county shall issue the bonds in the amount stated in the election order, but not in an amount that exceeds a limitation imposed by the constitution or a statute.

(b) After the county issues the bonds, the commissioners court shall set aside the amount necessary to fully compensate the commissioners or justice precinct or road district for the purpose for which the bonds were issued.

(c) If the bonds are approved for the purpose described by Section 1471.081(c) and the precinct or district bonds have not been issued and sold, the commissioners court shall:

(1) apply the proceeds of the county bonds to the construction, maintenance, and operation of the roads in the precinct or district as contemplated by the election approving the precinct or district bonds; and

(2) immediately cancel and destroy the unsold precinct or district bonds.

(d) If the bonds are approved for the purpose described by Section 1471.081(d), the roads of the precinct or district may become a part of the county road system.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.083. EXCHANGE OF BONDS. (a) If county bonds are authorized for commissioners or justice precinct or road district bonds that have been issued and sold, an exchange of a like amount of the county bonds may be made with the holder of any outstanding bonds of the precinct or district.

(b) An agreement for an exchange under this section must:

(1) be by order of the commissioners court authorizing the exchange; and

(2) contain the signed and acknowledged written

consent of the holder of the bonds in the form required by law for written instruments.

(c) A copy of the order authorizing the exchange, the agreement, and the county bonds to be given in exchange shall be submitted to the attorney general for approval. The exchange is not effective until the attorney general issues a certificate approving the exchange.

(d) If the exchange takes effect under this section:

(1) the commissioners court shall cancel and destroy the bonds of the precinct or district;

(2) the county may not impose the tax approved at the election of the precinct or district authorizing the bonds; and

(3) the sinking fund associated with the bonds of the precinct or district shall be transferred to the sinking fund account of the county.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.084. DEPOSIT OF COUNTY BONDS AS GUARANTEE. (a) If the commissioners court determines that an exchange cannot be made under Section 1471.083, the court as soon as practicable shall deposit with the county treasurer to the credit of the interest and sinking fund account of the commissioners or justice precinct or road district an amount of county bonds equal to the amount of outstanding bonds of the precinct or district.

(b) Before depositing the county bonds under Subsection (a), the commissioners court shall submit to the attorney general a copy of the order authorizing the deposit and the county bonds to be deposited. The county bonds may be deposited only if the attorney general issues a certificate of approval.

(c) To be deposited under this section, county bonds must:

(1) have the word "nonnegotiable" written across the face of the bond; and

(2) state that the bonds are deposited to the credit of the interest and sinking fund account of the precinct or district named in the bonds as a guarantee of the payment of the outstanding bonds of the precinct or district that have not been exchanged.

(d) Coupons attached to county bonds to be deposited must have the word "nonnegotiable" written on the coupons.

(e) After deposit of the county bonds:

(1) the sinking fund associated with the bonds of the precinct or district shall be transferred to the sinking fund account of the county; and

(2) the commissioners court may not impose the tax approved at the election of the precinct or district authorizing the bonds.

(f) The commissioners court shall pay annually the interest on the county bonds deposited under this section from taxes imposed to pay interest on the county bonds and detach the coupon used for payment. The payment shall be credited to the interest account of the precinct or district, and the court shall use that money to pay the interest on the outstanding bonds of the precinct or district.

(g) From the taxes imposed to provide the sinking fund for the county bonds, the commissioners court shall set aside annually in the sinking fund the amount necessary for the retirement of the county bonds. On maturity of the county bonds, the court shall pay the bonds in full. The payment shall be credited to the sinking fund of the precinct or district, and the court shall use that money to pay in full all outstanding bonds of the precinct or district.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.085. TERMS AND FORM OF COMPENSATION BONDS; USE OF SURPLUS BONDS. (a) County bonds issued for a purpose described by Section 1471.081(c) or (d) shall:

(1) be issued in similar denominations, bear the same rate of interest, and have the same date of maturity and similar payment options as the outstanding bonds of the commissioners or justice precinct or road district; and

(2) in all respects be similar to the outstanding precinct or district bonds except that the bonds:

(A) are county obligations instead of precinct or district obligations; and

(B) shall be dated after the election at which the county bonds were authorized.

(b) County bonds issued in excess of the amount required to exchange, offset, and retire the outstanding precinct or district bonds must mature within 40 years.

(c) The proceeds of county bonds issued in excess of the

amount required to exchange, offset, and retire the outstanding precinct or district bonds shall be credited to the available road fund of the county. The commissioners court may spend the proceeds throughout the county only:

(1) to construct, maintain, or operate a macadamized, graveled, or paved road or turnpike; or

(2) in aid of a purpose described by Subdivision (1).

(d) Except as provided by this subchapter, the issuance and sale of bonds authorized by this subchapter and the imposition of taxes for the bonds shall be as required by law for other county bonds.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.086. CREATION OF ROAD DISTRICT CONTAINING ENTIRE TERRITORY OF EXISTING DISTRICT. (a) If a road district is created that contains all of the territory of an existing commissioners or justice precinct or road district that has outstanding road bonds, the newly created district:

(1) shall fully compensate the existing precinct or district in an amount equal to the amount of outstanding road bonds; and

(2) may issue bonds to:

(A) purchase or construct roads in the existing precinct or district;

(B) further construct, maintain, or operate macadamized, graveled, or paved roads or turnpikes in the new district; or

(C) aid in a purpose described by Paragraph (A) or (B).

(b) The compensation shall be made and the bonds issued in the form and manner for county bonds under Sections 1471.081-1471.085 except that the petition must be signed by 50 or a majority of the registered voters of the new district.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1471.087. CREATION OF ROAD DISTRICT CONTAINING PORTION OF TERRITORY OF EXISTING DISTRICT. (a) If a road district is created that contains a portion of the territory of an existing precinct or district that has outstanding road bonds, the newly created district may issue bonds to:

(1) purchase roads in the existing precinct or district; or

(2) further construct macadamized, graveled, or paved roads or turnpikes in the new district.

(b) The bonds shall be issued in the form and manner prescribed for county bonds under Sections 1471.081-1471.086.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.