

GOVERNMENT CODE

CHAPTER 1505. OBLIGATIONS FOR COASTAL MUNICIPALITIES FOR COASTAL MATTERS

SUBCHAPTER A. BONDS FOR HARBOR IMPROVEMENTS IN MUNICIPALITIES BORDERING GULF OF MEXICO

Sec. 1505.001. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a municipality that borders the Gulf of Mexico.

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

Sec. 1505.002. AUTHORITY TO ISSUE BONDS FOR HARBOR IMPROVEMENTS. A municipality may issue bonds necessary to improve or aid the improvement of a harbor of the municipality or a bar at the entrance of the harbor.

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

Sec. 1505.003. AMOUNT OF BONDS. A municipality may issue bonds under this subchapter in an amount:

(1) the municipality considers necessary; and

(2) that does not exceed a limit on debt set by the municipal charter.

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

Sec. 1505.004. SURPLUS BONDS. A municipality may sell any available bonds not needed for the purpose for which the bonds were issued to improve or aid the improvement of a harbor of the municipality or a bar at the entrance of the harbor.

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

SUBCHAPTER B. BONDS FOR NAVIGATIONAL FACILITIES IN CERTAIN COASTAL MUNICIPALITIES

Sec. 1505.051. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a municipality that:

(1) is located in a navigation district organized under the general laws of this state; and

(2) has a deepwater port located in the municipality.

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

Sec. 1505.052. DEFINITION. In this subchapter, "project" means:

(1) a facility purchased, constructed, improved, enlarged, or repaired by a municipality as described by Section 1505.053; and

(2) land acquired or improved by a municipality as described by Section 1505.053.

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

Sec. 1505.053. AUTHORITY FOR NAVIGATIONAL FACILITIES. A municipality may:

(1) own, purchase, construct, operate, improve, enlarge, repair, or maintain a bridge over or across any stream, inlet, or arm of the Gulf of Mexico or entrance canal to the deepwater port of the municipality that connects any of the public streets, highways, or thoroughfares of the municipality;

(2) own, purchase, construct, repair, maintain, operate, or lease:

(A) a wharf, pier, pavilion, or boathouse; or

(B) a dam, dyke, or spillway with a road or bridge on or over it to create a freshwater supply basin for domestic, irrigation, and other purposes in the navigation district in which the municipality is located or in a county adjacent to the freshwater basin;

(3) acquire, reclaim, reconstruct, or fill in any submerged land along the waterfront of the municipality and construct, operate, or maintain a water main, gas main, storm sewer, sanitary sewer, sidewalk, street, or similar improvement in connection with that land;

(4) construct a seawall, breakwater, or other shore protection to protect the waterfront of the municipality; and

(5) construct, reconstruct, maintain, operate, or dredge a channel in connection with a deepwater port in aid of navigation within the municipality.

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

Sec. 1505.054. AUTHORITY TO ISSUE BONDS. A municipality may borrow money and by ordinance may issue bonds for a purpose described by Section 1505.053.

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

Sec. 1505.055. AUTHORITY TO BORROW FROM UNITED STATES. (a) To construct and maintain a project, a municipality may borrow money from the United States or an agency of the United States created for the purpose of making such a loan.

(b) To obtain the loan, a municipality may encumber:  
(1) the property and facilities of the project acquired or to be acquired;  
(2) the revenue and income from the operation of the project acquired or to be acquired; and  
(3) anything relating to the project acquired or to be acquired.

(c) As additional security for the loan, the municipality may:

(1) encumber the net revenue and income from the operation of all projects; and

(2) provide in the encumbrance for a grant, to a purchaser under sale or foreclosure, of a franchise to operate the encumbered project for a term not to exceed 20 years from the date of purchase, subject to all laws regulating the same then in force.  
Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1505.056. PAYMENT OF BONDS. The principal of and interest on bonds issued under this subchapter are payable solely from revenue, including rents and other charges received from any reclaimed or reconstructed land, derived from the project for which the bonds were issued.

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

Sec. 1505.057. ENCUMBRANCE AS ADDITIONAL SECURITY. (a) As additional security for the payment of the principal of and interest on bonds issued under this subchapter, a municipality may encumber any part or all of a project undertaken with funds derived from the bonds.

(b) An encumbrance entered into under this section:

(1) may provide for a grant, to a purchaser under sale or foreclosure, of a franchise to operate the encumbered project for a term not to exceed 20 years from the date of purchase, subject to all laws regulating the same then in force; and

(2) shall:

(A) provide for a trustee to enforce foreclosure;  
and

(B) provide the municipality with the option at any five-year period within the 20-year term after purchase to repurchase a project, other than reclaimed land acquired by an individual purchaser, under reasonable terms and at a reasonable price stated in the encumbrance.

(c) Subject to Section 1505.076, the governing body of the municipality shall manage and control a project while it is encumbered under this section.

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

Sec. 1505.058. ADDITIONAL SECURITY FOR PROJECT RELATED TO ACQUISITION OR CONSTRUCTION OF BRIDGE. As additional security, a municipality that acquires or constructs a bridge using bonds issued under this subchapter may pledge revenue from any project carried out in connection with the acquisition or construction of the bridge, including revenue or income from any submerged land reclaimed or reconstructed and any improvement built on the land, including a water main, gas main, storm sewer, sanitary sewer, sidewalk, or street.

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

Sec. 1505.059. BONDS NOT PAYABLE FROM TAXES. (a) A bond issued under this subchapter:

(1) is not a debt of the municipality within the meaning of any state constitutional or statutory limitation; and

(2) may not be included in determining the power of the municipality to issue bonds for any purpose authorized by law.

(b) Each bond and coupon issued under this subchapter must state on its face that:

(1) the bond or coupon is issued under this subchapter;

(2) the bond or coupon is not a debt of the municipality within the meaning of any state constitutional or statutory limitation; and

(3) the holder of the bond or coupon is not entitled to demand payment of the bond or coupon from any money raised by taxation.

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

Sec. 1505.060. ESTIMATE OF PROJECT COST; NOTICE OF INTENTION TO APPROVE PROJECT AND ISSUE BONDS. (a) Before approving a project under this subchapter, the governing body of the municipality shall:

(1) obtain an estimate of the cost of the project; and  
(2) give notice of its intention to approve the project.

(b) The notice must:  
(1) describe the proposed project;  
(2) state the estimated cost of the proposed project;  
(3) state the amount, location, and use or disposition of any land to be reclaimed;  
(4) state the time the governing body proposes to adopt the ordinance authorizing the proposed project and the issuance of the bonds; and  
(5) refer to the right to petition for an election as authorized by Section 1505.061.

(c) The notice must be published in a newspaper of general circulation in the municipality once a week for four consecutive weeks, with the last publication being before the 20th day before the date set for authorization of the proposed project and issuance of the bonds.

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

Sec. 1505.061. ELECTION. (a) If, before the time set for action on the ordinance authorizing the proposed project and the issuance of the bonds, a petition is filed with the municipal secretary or municipal clerk requesting an election on the approval of the project and the issuance of the bonds that is signed by at least 100 registered voters of the municipality who are listed on the most recent tax roll of the municipality as owning property, the governing body of the municipality may not approve the project or issue the bonds unless a proposition for the approval of the project and the issuance of the bonds is approved by a majority of the votes cast at an election held for that purpose.

(b) The governing body shall conduct the election in the manner provided by Chapter 1251.

(c) The governing body may hold an election on approval of the project and issuance of the bonds regardless of whether a petition is filed.

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

Sec. 1505.062. CONTENTS OF ORDINANCE AUTHORIZING ISSUANCE OF BONDS. (a) An ordinance authorizing the issuance of bonds for a project under this subchapter must:

(1) briefly describe the proposed project;  
(2) state the estimated cost of the project;  
(3) include the amount, maximum rate of interest, time and place of payment, and other details in connection with the issuance;

(4) specify:  
(A) whether the project is to be operated on the basis of a calendar, operating, or fiscal year; and  
(B) the beginning and ending dates of that year;

(5) provide for:  
(A) an operation and maintenance account; and  
(B) a bond and interest redemption fund; and  
(6) contain a substantial description of any franchise provided in an encumbrance entered into under Section 1505.057.

(b) The governing body of the municipality shall covenant in the ordinance, and on the face of each bond issued under this subchapter, to at all times maintain charges for services provided by the project in amounts sufficient to:

(1) pay:  
(A) the principal of and interest on the bonds when payable;

(B) administration and operation expenses; and  
(C) expenses necessary to maintain the project;

(2) create the bond and interest redemption fund; and  
(3) fund:  
(A) a reserve for depreciation of the project;

and  
(B) a reserve for improvements and extensions of the project other than those necessary to maintain the project.

(c) In the ordinance, the municipality may provide for additional bonds for extensions and permanent improvements to the project.

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

Sec. 1505.063. MATURITY. A bond issued under this subchapter must mature not later than 45 years after its date.

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

Sec. 1505.064. MEDIUM OF PAYMENT. A bond or coupon issued under this subchapter after October 27, 1977, may be made payable in:

- (1) United States currency; or
- (2) gold coin of or equal to the standard of weight and fineness existing on its date of payment.

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

Sec. 1505.065. ADDITIONAL BONDS. (a) As provided in the ordinance authorizing the issuance of bonds under this subchapter, the municipality may issue and negotiate additional bonds as necessary.

(b) Additional bonds that are sold are on a parity with bonds of the same issue.

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

Sec. 1505.066. SALE OF BONDS. (a) A municipality shall sell bonds issued under this subchapter in the manner and under the terms that the governing body of the municipality considers to be in the best interest of the municipality.

(b) A municipality may make payments under a contract for a project in bonds issued under this subchapter.

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

Sec. 1505.067. DEPOSIT OF BOND PROCEEDS. The governing body of a municipality that issues bonds under this subchapter shall:

- (1) if practicable, require that:
  - (A) the bond proceeds be deposited in an account in a bank that is a member of the Federal Reserve System; and
  - (B) each deposit be secured by direct obligations of the United States that have an aggregate market value at least equal to the amount of proceeds then on deposit; or
- (2) if it is not practicable for the bond proceeds to be deposited as provided by Subdivision (1), deposit the proceeds in a bank or other depository that will secure the deposit to the governing body's satisfaction.

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

Sec. 1505.068. OPERATING EXPENSES AS FIRST LIEN. The reasonable costs of administering and operating and the reasonable expense of maintaining the project are a first lien against the revenue and income from the operation of a project, superior to the lien of any encumbrance on the project. From the revenue and income of a project, the municipality shall, monthly or more frequently if necessary, first deposit to the credit of the operation and maintenance account an amount sufficient to pay those expenses.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999. Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.025(a), eff. Sept. 1, 2001.

Sec. 1505.069. SALE OR LEASE OF RECLAIMED OR RECONSTRUCTED LAND. A municipality that reclaims or reconstructs submerged land under this subchapter may:

- (1) sell, lease, or grant a franchise for the use of the land; and
- (2) use revenue from the sale, lease, or franchise as provided by this subchapter.

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

Sec. 1505.070. CHARGES. (a) The governing body of a municipality shall set and at all times maintain charges for services and facilities of the project, and for the sale of reclaimed land, in amounts sufficient to pay, create, or fund, as appropriate, each item listed in Section 1505.062(b).

(b) A state bureau, board, commission, agency, or instrumentality may not supervise or regulate the amount of a charge of the municipality. This subchapter does not affect a power or duty of the Texas Board of Health.

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

Sec. 1505.071. DEPOSITS TO BOND AND INTEREST REDEMPTION FUND. (a) The municipality shall, monthly or more frequently if necessary, deposit to the credit of the bond and interest redemption fund an amount of money from the gross income and revenue of the project sufficient to pay, when due, the principal of and interest on the bonds.

(b) The governing body of the municipality may deposit a reasonable amount to the credit of the bond and interest redemption fund in excess of the amount required to pay bonds maturing during the earlier years of maturities of the bonds to provide a reserve fund to prevent a deficiency in payment of bonds maturing in later years.

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

Sec. 1505.072. DISPOSITION OF CERTAIN SURPLUS MONEY. The governing body of the municipality may provide for the disposition of surplus money in the operation and maintenance account or a depreciation account by having the money:

- (1) transferred to the bond and interest redemption fund;
- (2) invested; or
- (3) otherwise disposed of.

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

Sec. 1505.073. SEPARATE RECORDS. (a) A municipality that issues bonds under this subchapter shall establish and maintain proper records into which full and correct entries shall be made of all dealings or transactions of or in relation to the property, business, or affairs of the project.

- (b) The records:
  - (1) must be separate from other records of the municipality; and
  - (2) shall be open for examination and inspection by any:

- (A) taxpayer;
- (B) user of a service furnished by the project;
- (C) holder of a bond issued under this subchapter; or
- (D) person acting for or on behalf of the taxpayer, user, or holder.

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

Sec. 1505.074. REQUIRED PAYMENT FOR SERVICES RENDERED TO MUNICIPALITY. (a) A municipality shall be charged the reasonable cost or value of a service rendered to the municipality by a project.

- (b) The municipality shall pay the charges, as the service accrues, from:
  - (1) current funds of the municipality; or
  - (2) the proceeds of taxes imposed at a rate sufficient for that purpose.

(c) Money received by the project under this section must be accounted for in the same manner as other revenue of the project.

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

Sec. 1505.075. AUTHORITY TO REGULATE OPERATION OF BRIDGES AND TRAFFIC ON BRIDGES. Except as provided by Section 1505.076, a municipality may adopt reasonable and necessary ordinances to regulate:

- (1) the operation of a bridge that is constructed, maintained, or operated under this subchapter; and
- (2) traffic on the bridge.

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

Sec. 1505.076. COMMISSIONERS OF NAVIGATION DISTRICT. (a) A municipality may not construct, maintain, or operate a bridge over or across an entrance channel to a deepwater port operated by a navigation district without a permit issued by the commissioners of the district. Plans and specifications for the bridge must be jointly approved by the commissioners and the governing body of the municipality.

(b) If a bridge over or across the entrance channel to the port is constructed, maintained, or operated under this subchapter, the commissioners of the navigation district:

- (1) may prescribe reasonable rules for the operation of the bridge in aid of navigation;
- (2) shall exercise direct control over the maintenance and operation of the mechanical facilities of the bridge that provide clearance of the channel for vessels to enter or leave the port;
- (3) may employ and direct all agencies in the management and operation of those facilities; and
- (4) may appropriate and use any available revenue of the district to defray the cost of maintaining or operating the bridge.

(c) A municipality may not construct, maintain, or operate a bridge over or across an entrance channel to a deepwater port operated by a navigation district except as provided by this section.

(d) This section does not apply after land or a facility mortgaged by a municipality is sold on foreclosure.

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

Sec. 1505.077. AUTHORITY FOR COUNTY APPROPRIATIONS. A county in which is located a municipality to which this chapter applies may:

(1) appropriate any available revenue of the county to the municipality for use in:

- (A) constructing a bridge;
- (B) reclaiming or reconstructing submerged land;

or

(C) constructing seawall or breakwater protection for its waterfront; or

(2) appropriate and apply any available revenue to the operation or maintenance of any such project.

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

Sec. 1505.078. AUTHORITY FOR TEXAS DEPARTMENT OF TRANSPORTATION EXPENDITURES. The Texas Department of Transportation, with the approval of the governor, may apply any of the available revenue of the department to aid in:

(1) the construction, operation, or maintenance of a bridge acquired or constructed under this subchapter, including any approach to the bridge; or

(2) the acquisition of any property in connection with or in furtherance of those activities.

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

Sec. 1505.079. CERTAIN COUNTY AND MUNICIPAL EXPENDITURES NOT PROHIBITED. This subchapter does not prohibit a county or municipality from appropriating or using any available income and revenue of the county or municipality derived from any source, other than from the operation of the project by a municipality, to:

(1) pay an immediate expense of maintaining or operating a project; or

(2) aid in financing any part of constructing a bridge or reclaiming any submerged land.

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

Sec. 1505.080. UNEXPENDED BALANCE. (a) Any proceeds of the sale of bonds issued under this subchapter that are unspent after completion of the project for which the bonds were issued:

(1) shall be deposited to the credit of the bond and interest redemption fund for the bonds; and

(2) may be used only to:

(A) pay the principal of the bonds; or

(B) purchase outstanding bonds of the issue from which the proceeds were derived.

(b) A bond may not be purchased under Subsection (a)(2)(B) for a price that exceeds, excluding accrued interest, the face amount of the bond.

(c) A bond purchased under Subsection (a)(2)(B) must be canceled and may not be reissued.

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

Sec. 1505.081. EXEMPTION FROM TAXATION. (a) A bond or interest coupon issued under this subchapter is exempt from taxation under any law of this state.

(b) In addition to the provisions required by Section 1505.059(b), each bond issued under this subchapter must state on its face the following provision: "The principal of and interest on this bond are exempt from taxation under any law of the State of Texas."

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

#### SUBCHAPTER C. OBLIGATIONS FOR TOLL BRIDGES AND OTHER FACILITIES IN CERTAIN COASTAL MUNICIPALITIES

Sec. 1505.101. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a municipality that:

(1) is located in a navigation district organized under the general laws of this state; and

(2) has a deepwater port located in the district.

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

Sec. 1505.102. DEFINITIONS. In this subchapter:

(1) "Bridge or tunnel" means a bridge over, or a tube, underpass, or tunnel under, any stream, inlet, or arm of the Gulf of Mexico or entrance channel to the deepwater port of a municipality that connects any public streets or thoroughfares of, in, or to the municipality.

(2) "Obligation" means a bond, note, or warrant.

(3) "Project" means:

(A) a facility constructed, maintained, operated, extended, improved, or replaced by a municipality as

described by Section 1505.103; and

(B) land acquired or improved by a municipality as described by Section 1505.103.

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

Sec. 1505.103. AUTHORITY TO ISSUE OBLIGATIONS FOR CERTAIN FACILITIES. A municipality may issue revenue obligations to:

(1) construct, maintain, or operate a toll bridge or tunnel;

(2) construct, maintain, operate, or extend a sewage disposal plant, without regard to whether the plant is inside or outside the municipality;

(3) construct, maintain, extend, or improve a sanitary sewer line or storm sewer line, without regard to whether the line is inside or outside the municipality;

(4) if found necessary by the governing body of the municipality, construct, maintain, extend, or improve a water main or water line from the source of water supply of the municipality to any location inside the municipality;

(5) acquire, reclaim, reconstruct, elevate, or fill in any submerged land or lowland along a waterfront of the municipality and construct a sidewalk, street, or gas line on the land;

(6) construct, maintain, extend, or improve a seawall, breakwater, or other shore protection to protect the waterfront of the municipality;

(7) construct, reconstruct, maintain, operate, or dredge a channel or boat basin in connection with any deepwater port of the municipality; or

(8) construct, maintain, replace, or operate:

(A) a boat basin or boat slip; or

(B) a structure in connection with the basin or slip, including a dry dock, boat service station, wall, pier, or wharf.

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

Sec. 1505.104. AUTHORITY TO BORROW MONEY. (a) In the amount and under the terms that are agreed to by the municipality and the lender, a municipality may borrow money for a project from:

(1) the United States;

(2) an agency of the United States authorized to make a loan to a municipality; or

(3) any person, firm, or corporation.

(b) The loan shall be evidenced by obligations issued under this subchapter if the project is financed under this subchapter.

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

Sec. 1505.105. SECURITY FOR PAYMENT OF OBLIGATIONS. (a) An obligation issued under this subchapter, and interest on the obligation, must be paid by an appropriation or pledge of all revenue derived from:

(1) one or more projects;

(2) any tolls authorized under Section 1505.113 and collected from the operation of an existing bridge or tunnel; or

(3) both the project and the tolls.

(b) Payment of the obligation may additionally be secured by a mortgage on any project, including a toll bridge or tunnel or reclaimed land.

(c) Any revenue or income derived from one project may be pledged to the payment of an obligation issued to provide for a different project.

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

Sec. 1505.106. OBLIGATIONS NOT PAYABLE FROM TAXES. (a) An obligation issued under this subchapter:

(1) is not a debt of the municipality;

(2) may be a charge only against the revenue, property, or improvement pledged for the payment of the obligation; and

(3) may not be included in determining the power of the municipality to issue bonds or lend its credit for any purpose authorized by law.

(b) Each obligation issued under this subchapter must contain the following provision: "The holder of this obligation is not entitled to demand payment of this obligation from any money raised by taxation."

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

Sec. 1505.107. ELECTION. (a) A municipality may not issue an obligation under this subchapter unless the issuance is

authorized by a majority vote of the qualified voters voting at an election held for that purpose under Chapter 1251.

(b) On approval by the voters, the municipality shall issue the approved obligations as soon as practicable.

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

Sec. 1505.108. MATURITY. An obligation issued under this subchapter must mature not later than 30 years after its date.

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

Sec. 1505.109. ACCOUNTS REQUIRED TO BE CREATED BY ORDINANCE. An ordinance authorizing the issuance of obligations under this subchapter must provide for:

- (1) an operation and maintenance account; and
- (2) an interest and sinking fund account.

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

Sec. 1505.110. OPERATING EXPENSES AS FIRST LIEN. (a) The reasonable costs of administering and operating and the reasonable expense of maintaining the project are a first lien against the revenue and income from the operation of the project, superior to the lien of any indenture or deed of trust on the project.

(b) From the revenue and income of the project, the municipality shall, monthly or more frequently if necessary:

(1) first deposit to the credit of the operation and maintenance account an amount sufficient to pay the costs and expense described in Subsection (a); and

(2) deposit to the credit of the interest and sinking fund account an amount sufficient to pay when due the principal of and interest on the obligation.

(c) Revenue or income from a project may not be used except as provided by this section while an obligation related to the project remains outstanding.

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

Sec. 1505.111. EXECUTION OF INDENTURE OR DEED OF TRUST. (a) Before an obligation issued under this subchapter is offered for sale, the mayor and the municipal treasurer or finance commissioner, if authorized by an ordinance adopted by the governing body of the municipality, may execute an indenture or deed of trust that:

(1) makes effective the mortgage lien on any property pledged to secure payment of the principal of and interest on the obligation; and

(2) names a bank or banking institution with trust powers.

(b) The indenture or deed of trust may provide for a grant to a purchaser, under sale or foreclosure, of a franchise to operate the encumbered property for a term not to exceed 20 years from the date of purchase, subject to Subsection (c) and to all laws regulating the same then in force.

(c) The municipality may, at any five-year period within the 20-year term, repurchase the property designated in the franchise under reasonable terms and at a reasonable price, as stated in the encumbrance. This subsection does not apply to any land or property in a reclaimed area that is acquired from the municipality by an individual purchaser.

(d) The indenture or deed of trust shall be recorded in the deed of trust and mortgage records of each county in which any of the indentured property is located.

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

Sec. 1505.112. AUTHORITY TO REMOVE OR DEMOLISH BRIDGE OR TUNNEL. The governing body of a municipality may remove or demolish any structure owned and operated by the municipality, including a bridge or tunnel, if the removal or demolition is necessary to complete a project.

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

Sec. 1505.113. CONVERSION OF BRIDGE OR TUNNEL TO TOLL BRIDGE OR TUNNEL. (a) The governing body of a municipality by ordinance may convert a bridge or tunnel to a toll bridge or tunnel if:

(1) the bridge or tunnel is owned or operated by the municipality; and

(2) the governing body finds that it is not necessary or practicable to construct a toll bridge or tunnel under this subchapter.

(b) The governing body, if authorized at the election ordered by the governing body on the issuance of the obligations:

(1) may set and collect tolls for the use of the toll bridge or tunnel in amounts determined by the governing body to be



reasonable and sufficient, when combined with other revenue and income from a project, to pay the principal of and interest on obligations issued under this subchapter as they mature; and

(2) shall deposit money received under Subdivision (1) to the credit of the interest and sinking fund account and shall use the money only to pay the principal of and interest on the obligations.

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

Sec. 1505.114. EMINENT DOMAIN. (a) A municipality may exercise the power of eminent domain to acquire the fee simple title to, an easement in, or a right-of-way over or through any property, including water or land under water, that the governing body of the municipality determines necessary to accomplish a purpose provided by Section 1505.103 without regard to whether the property is inside or outside the municipality.

(b) A municipality may not condemn property under Subsection (a) if the property is used for cemetery purposes.

(c) A municipality shall pay adequate compensation to the owner of property that is taken, damaged, or destroyed in the accomplishment of a purpose provided by Section 1505.103.

(d) A municipality shall pay compensation and damages adjudicated in a condemnation proceeding or damage to the property of a person or corporation in the accomplishment of a purpose provided by Section 1505.103 from the proceeds of obligations issued under this subchapter.

(e) Chapter 21, Property Code, governs the procedure for the exercise of the power of eminent domain under this section.

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

Sec. 1505.115. COMMISSIONERS OF NAVIGATION DISTRICT. (a) A municipality may not construct, maintain, or operate a toll bridge or tunnel over, across, or under an entrance channel to a deepwater port operated by a navigation district without a permit issued by the commissioners of the district. Plans and specifications for the bridge or tunnel must be jointly approved by the commissioners and the governing body of the municipality.

(b) If a toll bridge or tunnel over, across, or under the entrance channel to the port is constructed, maintained, or operated under this subchapter, the commissioners of the navigation district:

(1) may prescribe reasonable rules for the operation of the bridge or tunnel in aid of navigation;

(2) shall exercise direct control over the maintenance and operation of the mechanical facilities of the bridge or tunnel that provide clearance of the channel for vessels to enter or leave the port; and

(3) may employ and direct all agencies in the management and operation of those facilities.

(c) The municipality shall bear the cost of maintaining and operating the facilities described by Subsection (b)(2).

(d) A municipality may not construct, maintain, or operate a toll bridge over or across, or a tunnel under, an entrance channel to a deepwater port operated by a navigation district except as provided by this section.

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

#### SUBCHAPTER D. OBLIGATIONS FOR FISH MARKETS BY CERTAIN COASTAL MUNICIPALITIES

Sec. 1505.151. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a municipality:

(1) that has a population of more than 1,000;

(2) that is located within five miles of the coast or of any gulf, bay, or inlet of the coast; and

(3) in which commercial fishing and shrimping is an established industry.

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

Sec. 1505.152. AUTHORITY TO ACQUIRE OR CONSTRUCT FISH MARKET. (a) A municipality may:

(1) acquire or construct a municipal fish market to encourage, develop, and standardize the fishing and shrimping industry; and

(2) acquire any real property necessary for the site of the fish market.

(b) The fish market must provide sanitary facilities and equipment for cleaning, packing, shucking, canning, and cold storage of shrimp, oysters, and other seafood.

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

Sec. 1505.153. AUTHORITY TO ISSUE OBLIGATIONS. A municipality may issue bonds or revenue notes to acquire or construct a municipal fish market.

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

Sec. 1505.154. AUTHORITY TO ACCEPT LOANS AND GRANTS FROM UNITED STATES. (a) A municipality may accept a loan or a grant from the United States to acquire or construct a municipal fish market, including the necessary real property on which it is located, only if the acquisition or construction of the market is approved:

(1) by the Texas Department of Health on a determination that the market is conducive to the health of the people of this state who consume food products from the coastal waters of this state; and

(2) by the Parks and Wildlife Department on a determination that:

(A) the market is feasible and of economic importance to the fishing industry generally in the entire district to be served by the market, as distinguished from the local or civic benefits to be derived from the market by the municipality; and

(B) the economic need for the market is not adequately met by a similar existing facility accessible to the district to be served.

(b) Any such market is subject to all applicable health and sanitation rules adopted by the Texas Department of Health.

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

Sec. 1505.155. SECURITY FOR PAYMENT OF OBLIGATIONS. (a) A municipality may secure the payment of an obligation issued under this subchapter by:

(1) mortgaging the physical property acquired or constructed or to be acquired or constructed and pledging the net revenue derived from the property; or

(2) pledging the net revenue derived from the property without a mortgage on the property.

(b) A municipality that mortgages the property may provide in the encumbrance for a grant, to a purchaser under sale or foreclosure, of a permit to operate the fish market, subject to all laws then in force regulating the operation of such an industry.

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

Sec. 1505.156. OBLIGATIONS NOT PAYABLE FROM TAXES. (a) An obligation issued under this subchapter:

(1) is not a debt of the municipality;

(2) may be a charge only against the revenue or property pledged for the payment of the obligation; and

(3) may not be included in determining the power of the municipality to issue bonds for any purpose authorized by law.

(b) Each obligation issued under this subchapter must contain the following provision: "The holder of this obligation is not entitled to demand payment of this obligation from any money raised by taxation."

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

Sec. 1505.157. MATURITY. An obligation issued under this subchapter must mature not later than 40 years after its date.

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

Sec. 1505.158. OPERATING EXPENSES AS FIRST LIEN. The expenses of operating and maintaining a fish market acquired or constructed under this subchapter, including all salaries, labor, materials, and repairs necessary to permit the market to provide efficient service, are a first lien on the revenue from the operation of the market.

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

Sec. 1505.159. USE OF REVENUE. Except as provided by Section 1505.160, a municipality may only use the gross revenue of a fish market acquired or constructed under this subchapter:

(1) to pay the expenses of operating and maintaining the market;

(2) after payment of operating and maintenance expenses, to pay the principal of and interest on any obligation issued to acquire or construct the market; and

(3) after payment of operating and maintenance expenses and debt service, to:

(A) redeem any obligation issued to acquire or construct the market before maturity; or

(B) invest in any security specified in a contract under which money for the acquisition or construction of the market is provided to the municipality.

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

Sec. 1505.160. SUBORDINATE OBLIGATIONS. (a) If the governing body of a municipality considers it necessary to extend or enlarge the fish market, the governing body may:

- (1) issue subordinate bonds or notes; and
- (2) pledge the revenue of the fish market to the payment of those bonds or notes.

(b) A pledge of the revenue for subordinate bonds or notes is inferior to any prior pledge.

(c) The municipality shall establish, deposit, and secure the funds to facilitate the payment of the principal of and interest on the bonds or notes.

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

Sec. 1505.161. LEASE AND SALE OF FACILITIES. Subject to any prior covenant or agreement relating to an outstanding revenue bond issued to acquire or construct a fish market under this subchapter, the governing body of a municipality may:

(1) lease all or part of the facilities of the market and property associated with the market for a period not longer than 20 years to any person, firm, or corporation; and

(2) sell all or part of the facilities of the market and property associated with the market to any person, firm, or corporation.

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

SUBCHAPTER E. BONDS FOR HARBOR IMPROVEMENTS AND FACILITIES IN COASTAL MUNICIPALITIES WITH POPULATION OF LESS THAN 12,000

Sec. 1505.201. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a municipality that:

- (1) has a population of less than 12,000; and
- (2) is located on the Gulf of Mexico or a channel, canal, bay, or inlet connected with that gulf.

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

Sec. 1505.202. DEFINITIONS. In this subchapter:

(1) "Bond authorization" means an ordinance or resolution authorizing the issuance of bonds.

(2) "Harbor improvement or facility" means a harbor, port, or navigational facility described by Section 1505.203.

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

Sec. 1505.203. AUTHORITY TO ISSUE REVENUE BONDS. (a) A municipality may issue revenue bonds to construct, acquire, lease, improve, enlarge, extend, repair, maintain, replace, develop, operate, regulate, or encumber a harbor or port of the municipality or a navigational facility that pertains or is an aid to the harbor or port, including:

- (1) land or fill;
- (2) a boathouse or boat piling;
- (3) a seawall, breakwater, or shore protection;
- (4) a wharf, dock, or pier;
- (5) a walk or way;
- (6) a wall or bulkhead;
- (7) a canal, channel, slip, pool, waterway, or turning basin;

(8) a dry dock, service facility, floating plant, loading device, lightering facility, bunkering facility, or towing facility;

- (9) a bridge, tube, underpass, tunnel, or ferry;
- (10) equipment;
- (11) a pavilion, building, warehouse, or structure;
- (12) an aid to navigation; and
- (13) any other facility, improvement, or aid incident to or necessary or desirable in connection with the harbor or port.

(b) This subchapter does not authorize a municipality to issue bonds that are payable from taxes.

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

Sec. 1505.204. AUTHORITY TO ACCEPT LOANS AND GRANTS. For a purpose described by Section 1505.203, a municipality may accept a loan or grant from any source, including:

- (1) the United States, a state, or a county; and
- (2) an agency of a state or county.

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

Sec. 1505.205. LOCATION OF HARBOR IMPROVEMENT OR FACILITY. A harbor improvement or facility financed by bonds or a loan or grant authorized under this subchapter must be located inside municipal boundaries.

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

Sec. 1505.206. PLEDGE OF REVENUE. (a) In this section, "net revenue" means the gross revenue derived from a harbor improvement or facility less the amount necessary to pay the cost of maintaining and operating the harbor improvement or facility.

(b) A bond issued under this subchapter is payable from revenue pledged by the governing body of the municipality to the payment of the bond.

(c) To secure payment of principal of and interest on bonds issued under this subchapter, the governing body of the municipality may pledge:

(1) the gross or net revenue of:

(A) a harbor improvement or facility to be financed by the bonds; or

(B) a harbor improvement or facility in existence before the issuance of the bonds, if that revenue may be pledged;

(2) unless the bond authorization specifies a different amount, the entire amount of revenue due the municipality under a contract in existence before the issuance of the bonds or to be entered into after the issuance, if that revenue may be pledged; or

(3) any other revenue specified by the bond authorization that may be pledged.

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

Sec. 1505.207. GRANT OF FRANCHISE. As additional security for the encumbrance, a municipality that encumbers a harbor improvement or facility under Section 1505.203 may provide in the encumbrance for a grant, to a purchaser under sale or foreclosure, of a franchise to operate the harbor improvement or facility, including any improvement, for a term not to exceed 30 years from the date of purchase, subject to all laws regulating the same then in force.

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

Sec. 1505.208. BONDS NOT PAYABLE FROM TAXES. (a) A bond issued under this subchapter:

(1) is not a debt of the municipality; and

(2) may be a charge only against the property, facilities, and contracts authorized by the bond authorization.

(b) Each bond issued under this subchapter must state on its face the following provision: "The holder of this obligation is not entitled to demand payment of this obligation from any money raised by taxation."

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

Sec. 1505.209. ELECTION. (a) A municipality may not issue bonds under this subchapter unless the issuance is authorized by a majority of the qualified voters voting at an election held for that purpose under Chapter 1251.

(b) The governing body of the municipality shall hold the election in the manner provided for the issuance of other bonds of the municipality.

(c) This section does not apply to refunding bonds.

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

Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.026, eff. Sept. 1, 2001.

Sec. 1505.210. ADDITIONAL BONDS. The bond authorization may reserve the right to issue additional bonds on a parity with, or subordinate to, the bond being issued, subject to the conditions prescribed by the bond authorization.

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

Sec. 1505.211. TRANSFER OF PLEDGED REVENUE. (a) A municipality may, in the bond authorization, transfer pledged revenue from the harbor improvement or facility to the general fund of the municipality.

(b) The transferred revenue:

(1) must be in the amount authorized in the bond authorization; and

(2) to the extent authorized in the bond authorization, may be used for general or special purposes.

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

Sec. 1505.212. RATES. The governing body of the municipality shall set the rates for municipal charges, rents, and leases and for services rendered by the municipality in connection with a harbor improvement or facility, the revenue of which is pledged, in an amount sufficient to:

(1) pay the expense of operating and maintaining the improvement or facility;

(2) pay the interest on the bond as it accrues;  
(3) pay the principal of the bond as it matures; and  
(4) maintain the reserve and other funds as provided in the bond authorization, unless otherwise specifically provided for in the bond authorization.

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

Sec. 1505.213. APPOINTMENT OF RECEIVER. (a) On default or threatened default in the payment of principal of or interest on an issue of bonds under this subchapter, a court may, on petition of the holders of 25 percent of the outstanding bonds, appoint a receiver with authority to:

(1) collect and receive the income from a harbor improvement or facility or a contract the revenue of which is pledged;

(2) employ an agent or employee;

(3) take charge of money on hand; and

(4) manage without consent or hindrance by the governing body of the municipality the proprietary affairs of the harbor improvement or facility or the contract the revenue of which is pledged.

(b) The court may also:

(1) authorize the receiver to lease the harbor improvement or facility the revenue of which is pledged and renew the contract with the approval of the court; and

(2) vest the receiver with any other power or duty the court finds necessary for the protection of the bondholders.

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

Sec. 1505.214. EXEMPTION FROM ASSESSMENT OR TAXATION. (a) A municipality is not required to pay any assessment on a harbor improvement or facility.

(b) A bond issued under this subchapter, the transfer of the bond, and the income from the bond, including any profit made from the sale of the bond, are exempt from taxation by this state or a political subdivision of this state.

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

Sec. 1505.215. AUTHORITY TO ISSUE REFUNDING BONDS. A municipality by resolution may issue refunding bonds to refund outstanding bonds, and the interest on those bonds, issued by the municipality under this subchapter.

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

Sec. 1505.216. TERMS OF ISSUANCE OF REFUNDING BONDS. (a) Refunding bonds may:

(1) be issued under this subchapter to refund bonds of:

(A) a single issue or two or more consecutive issues; or

(B) a single series or two or more consecutive series;

(2) combine the pledges related to bonds to be refunded to secure the refunding bonds; or

(3) be secured by a pledge of other or additional revenue.

(b) Refunding bonds issued under this subchapter have the same priority of lien on the revenue pledged to their payment as is pledged to the bonds to be refunded.

(c) If two or more consecutive series or issues of bonds are refunded in a single issue of refunding bonds, the lien on all the refunding bonds is equal if all bonds of the several series or issues of bonds to be refunded are surrendered in exchange for the refunding bonds.

(d) Refunding bonds issued under this subchapter may not have a priority of lien greater than the highest priority of lien of a series or issue of bonds to be refunded.

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

Sec. 1505.217. REGISTRATION OF REFUNDING BONDS BY COMPTROLLER. (a) The comptroller shall register the refunding bonds on the surrender and cancellation of the bonds to be refunded.

(b) In lieu of issuing bonds to be registered on the surrender and cancellation of the bonds to be refunded, the municipality, in the resolution authorizing the issuance of the refunding bonds, may provide for the sale of the refunding bonds and the deposit of the proceeds in the bank where the bonds to be refunded are payable. In that case, the refunding bonds may be issued in an amount sufficient to pay the interest on the bonds to be refunded to their option or maturity date, and the comptroller

shall register the refunding bonds without the surrender and cancellation of the bonds to be refunded.

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

SUBCHAPTER F. BONDS FOR HARBOR, WHARF, AND DOCK FACILITIES IN COASTAL MUNICIPALITIES WITH POPULATION OF 5,000 OR LESS

Sec. 1505.251. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a general-law municipality that:

- (1) has a population of 5,000 or less; and
- (2) is located on the Gulf of Mexico or a channel, canal, bay, or inlet connected with that gulf.

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

Sec. 1505.252. AUTHORITY FOR HARBOR, WHARF, AND DOCK FACILITIES. A municipality may purchase, condemn, construct, own, maintain, improve, repair, operate, or lease:

- (1) a wharf, pier, pavilion, dock, harbor, or boat basin; and
- (2) another facility associated with a facility listed in Subdivision (1) that the municipality considers advisable, including a ferry, marina, elevated platform, parking facility, restaurant, hotel, motel, club, or other commercial establishment or municipal building.

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

Sec. 1505.253. AUTHORITY TO ISSUE BONDS. A municipality may:

- (1) issue bonds for a purpose described by Section 1505.252 and provide for the payment of the principal of and interest on the bonds from the income of the facility, including income from leasing the facility, less the reasonable cost of the operation and maintenance of the facility; or

- (2) issue bonds for that purpose in the manner provided for the issuance of other municipal bonds payable from an ad valorem tax imposed on taxable property in the municipality.

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

Sec. 1505.254. ELECTION. (a) The governing body of a municipality may not issue bonds under this subchapter that are payable from ad valorem taxes unless authorized by a majority of the qualified voters voting at an election.

(b) The governing body of a municipality may issue bonds under this subchapter that are payable from the income of a facility without notice or an election in connection with the issuance of the bonds.

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