

## CHAPTER 755

H.B. No. 400

## AN ACT

relating to the creation, administration, powers, duties, operations, and financing of jail districts; granting the power of eminent domain; providing a penalty.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. DEFINITIONS. In this Act:

- (1) "Board" means the board of directors of the district.
- (2) "Commissioners court" means a commissioners court of a county within a district.
- (3) "Cooperating county" means a county that has contracted with one or more other counties for joint operation of a jail facility under Chapter 581, Acts of the 65th Legislature, Regular Session, 1977 (Article 5115c, Vernon's Texas Civil Statutes), and that has agreed to creation of the district.
- (4) "Director" means a member of the board.
- (5) "District" means a jail district.
- (6) "Receiving county" means a county in which a jail facility, constructed, acquired, or improved by the district, is situated and to which the facility is to be conveyed.
- (7) "Person" has the meaning assigned that term by Section 311.005(2), Government Code.
- (8) "Jail facility" includes a juvenile detention facility.

SECTION 2. CREATION AND PURPOSE OF DISTRICT. A jail district may be created by a county or by two or more counties that have contracted with one another for the joint operation of a jail under Chapter 581, Acts of the 65th Legislature, Regular Session, 1977 (Article 5115c, Vernon's Texas Civil Statutes). A jail district may be created to finance and effect the construction, acquisition, or improvement of a jail facility to serve the county or counties comprising the district.

SECTION 3. BOUNDARIES. A jail district is composed of the area of the county or cooperating counties that created the district.

SECTION 4. PETITION. (a) To create a district, a petition requesting creation of the district must be filed with the county clerk's office of each county in the proposed district.

(b) Each petition must be signed by at least 10 percent of the registered voters in the county in which the petition is filed.

(c) Each petition must be certified as valid by the county clerk of the county in which the petition is filed. On certification, the county clerk shall forward the petition to the commissioners court of that county.

SECTION 5. CONTENTS OF PETITION. A petition for creation of a district must include:

- (1) the name of the proposed district;
- (2) an accurate description of the area where the proposed district is to be located;
- (3) a statement of the purpose for which the district is to be created; and
- (4) a request that the district be created.

SECTION 6. CONSIDERATION OF CREATION OF DISTRICT. The commissioners court of each county in the proposed district shall consider the petition for creation of the district at a public hearing.

SECTION 7. HEARING. (a) Within 10 days after a petition for creation of a district is filed, the county judge of a county in the proposed district shall issue an order setting the date of a hearing on the petition by the commissioners court of that county and shall endorse the order on the petition or on a paper attached to the petition.

(b) After the order is issued, the county clerk shall issue notice of a hearing.

(c) A hearing on a petition for creation of a district must be held within 45 days after the petition is filed with the county clerk.

(d) A petition may be considered at a regular or a special meeting of a commissioners court of a county in the proposed district.

**SECTION 8. NOTICE OF HEARING.** (a) The county clerk of a county in which a petition is filed shall prepare notice of the hearing that includes a statement of the purpose for the hearing, a brief description of the location of the proposed district, and the date, time, and place of the hearing on the petition.

(b) The county clerk shall publish a copy of the notice in a newspaper of general circulation in the county once a week for two consecutive weeks. The first publication must be made at least 14 days before the date of the hearing.

**SECTION 9. TESTIMONY AT HEARING.** At a hearing, a person who owns land or resides in the proposed district may appear and present testimony and evidence to the commissioners court for or against creation of the district.

**SECTION 10. GRANTING OR DENYING PETITION.** (a) Within 10 days after the conclusion of a hearing, the commissioners court of a county in the proposed district shall grant the petition pending approval by the commissioners courts of all other proposed cooperating counties in the district, if any, if it appears from the testimony and evidence presented at the hearing that:

- (1) organization of the district is feasible and practicable;
- (2) there is a public necessity or need for the district; and
- (3) the creation of the district would further the public safety and welfare.

(b) If the commissioners court is unable to make any one of the findings required by Subsection (a) of this section, the commissioners court shall refuse to grant the petition's request for creation of the district.

(c) If a commissioners court of a county in the proposed district refuses to grant the petition's request for creation of the district, the district may not be created.

**SECTION 11. APPOINTMENT OF TEMPORARY DIRECTORS.** (a) If the commissioners courts of all counties in the proposed district grant the petition's request for creation of the district, the commissioners court of the county with the greatest population shall appoint three temporary directors and the commissioners court of each other county in the proposed district shall appoint two temporary directors who shall serve until their successors are elected and have qualified for office.

(b) Within 15 days after appointment, each director shall take the oath of office.

(c) If a director appointed by a commissioners court fails to qualify or a vacancy occurs in the office of director, the commissioners court that appointed that director shall appoint another person to fill the vacancy for the unexpired term.

**SECTION 12. CONFIRMATION ELECTION.** (a) Within 30 days after all temporary directors have been appointed and have qualified, the board of a proposed district shall meet and shall call an election to be held within the boundaries of the proposed district to confirm the creation of the district.

(b) The board shall give notice of the election. The notice must state the day and places for holding the election and the proposition to be voted on.

(c) The board shall publish the notice of the election at least once in a newspaper or newspapers of general circulation in the area of the proposed district. The notice must be published at least 30 days before the date set for the election.

(d) The ballot for the election must be printed to provide for voting for or against the proposition: "The creation of the \_\_\_\_\_ (Insert name or names of the county or counties in the proposed district) Jail District."

(e) Immediately after the election, the presiding judge of each polling place shall make returns of the results to the board, and the board shall canvass the returns and declare the result.

(f) If a majority of the votes cast at the election favor the creation of the district, the board shall declare that the district is created and shall enter the results in its minutes.

(g) If a majority of the votes cast at the election are against the creation of the district, the board is abolished except that it shall declare that the district was defeated and shall enter the results in its minutes.

SECTION 13. BOND AND TAX PROPOSITION. (a) At an election to confirm creation of a district, the board may include a proposition to approve the issuance of bonds and the levy of a property tax by the district.

(b) The board shall include in any bond and tax proposition the maximum amount of bonds to be issued, their maximum maturity date, and the maximum rate of the tax that may be levied.

(c) The proposition to issue bonds and levy a tax must be included in the same proposition presented to the registered voters to confirm creation of the district.

SECTION 14. BOARD OF DIRECTORS. (a) The district is governed by a board of directors composed of three directors from the county in the district with the greatest population and two directors from every other county in the district. The board shall manage and control the district and shall administer and implement this Act.

(b) Directors shall be elected as provided by this Act.

SECTION 15. TERMS OF OFFICE FOR DIRECTORS. Except for the temporary directors and the initial elected directors, each director shall serve a two-year term.

SECTION 16. METHOD OF ELECTION; STAGGERED TERMS; TERM OF OFFICE; ELECTION DATE. (a) Two directors shall be elected from each county in the district, except that three directors shall be elected from the county in the district with the greatest population.

(b) At the initial election of directors, the director elected from each county in the district who receives the higher number of votes shall serve for a term of two years, and the other director or directors shall serve for a term of one year.

(c) The initial election of directors must be held on the third Saturday in May of the year following creation of the district. After the initial election of directors, an election shall be held in each county in the district on the third Saturday in May each year and successor directors shall be elected for a two-year term.

SECTION 17. OATH. Each director shall take the constitutional oath of office.

SECTION 18. COMPENSATION. Each director is entitled to receive compensation in an annual amount not to exceed the salary of the highest paid county judge from the counties in the district, as determined by the commissioners court of the receiving county.

SECTION 19. OFFICERS. (a) At the first board meeting after the appropriate number of directors are elected and have qualified for office by taking the oath, the directors shall select from their number one person to serve as chairman, one person to serve as vice-chairman, and one person to serve as secretary. If the district is composed of one county, the person who serves as vice-chairman shall also perform the duties of the secretary.

(b) The chairman shall preside over meetings of the board, and in his absence, the vice-chairman shall preside.

(c) The chairman, vice-chairman, and secretary shall perform the duties and may exercise the powers specifically given them in this Act or in orders of the board.

SECTION 20. QUORUM. A majority of the directors constitutes a quorum for the transaction of business of the district, but no official act of the board is valid without the affirmative vote of a majority of the directors.

SECTION 21. GENERAL MANAGER. (a) The board shall employ a general manager to serve as the chief administrative officer of the district. The board may delegate to the general manager full authority to manage the affairs of the district subject only to orders of the board.

(b) The general manager shall execute a bond in an amount determined by the board, payable to the district, conditioned on the faithful performance of the general manager's duties. The district shall pay for the bond.

(c) The general manager is entitled to receive compensation in an annual amount not to exceed the salary of the highest paid county judge from the counties in the district, as provided in the district's budget.

**SECTION 22. EMPLOYEES.** (a) The general manager shall employ persons necessary for the proper handling of the business and operation of the district.

(b) The board shall determine the terms of employment of and the compensation to be paid to those employees.

(c) The general manager or a majority of the directors may dismiss an employee of the district.

(d) The board shall require each employee who collects, pays, or handles any funds of the district to furnish a bond, payable to the district, for an amount sufficient to protect the district from financial loss resulting from actions of the employee. Each bond shall be conditioned on the faithful performance of the employee's duties and on accounting for all money and property of the district in his hands. The district shall pay for each bond.

**SECTION 23. DISTRICT OFFICE.** (a) The board shall maintain a main office in the district for conducting the business of the district.

(b) The board also shall maintain any other offices and stations necessary to carry out this Act.

**SECTION 24. MEETINGS OF BOARD.** The board shall hold regular meetings at the main office at least once each month on a date established by rule of the board.

**SECTION 25. MINUTES AND RECORDS.** (a) The board shall keep a complete written account of all its meetings and other proceedings, and shall preserve its records, including minutes, contracts, notices, accounts, receipts, and annual audits of the district required by Section 47 of this Act in a secure manner at the main office.

(b) Records of the district are subject to public inspection during regular business hours.

**SECTION 26. CONTRACTS.** The board may enter into contracts as provided by this Act and shall execute those contracts in the name of the district.

**SECTION 27. SUITS.** (a) The district may, through its board, sue and be sued in any court of this state in the name of the district. Service of process may be made by serving the general manager.

(b) The courts of this state shall take judicial notice of the creation of the district.

**SECTION 28. PAYMENT OF JUDGMENT.** A court of this state that renders a money judgment against the district may require the board to pay the judgment from money of the district.

**SECTION 29. SEAL.** The board shall adopt a seal for the district.

**SECTION 30. GENERAL POWERS.** To carry out this Act, the district may:

(1) apply for, accept, receive, and administer gifts, grants, loans, and other funds available from any source;

(2) enter into contracts with the federal government and its agencies, the state and its agencies, local governmental entities including the county, and private entities;

(3) conduct, request, and participate in studies, investigations, and research relating to providing a jail facility; and

(4) advise, consult, and cooperate with the federal government and its agencies, the state and its agencies, local governmental entities including the county, and private entities.

**SECTION 31. INSURANCE.** The board may purchase insurance insuring the district and its employees for any liability incurred under this Act and may purchase insurance coverage to cover losses of district property.

**SECTION 32. ACQUISITION OF PROPERTY FOR SITE.** (a) The district may acquire by gift, grant, purchase, or condemnation any land, easements, rights-of-way, and other property interests necessary to construct or improve a jail facility.

(b) The district may lease property on terms and conditions the board determines advantageous to the district.

**SECTION 33. EMINENT DOMAIN.** (a) The district may acquire land for a jail facility by condemnation if the board determines, after notice and hearing, that it is necessary.

(b) The right of eminent domain must be exercised in the manner provided by Chapter 21, Property Code, except that the district is not required to give bond for appeal or bond for costs in a condemnation suit or other suit to which it is a party and is not required to deposit double the amount of any award in any suit.

(c) If the district, in the exercise of the power of eminent domain, makes necessary the relocation, raising, lowering, rerouting, or changing in grade, or alteration of the construction of, any highway, railroad, electric transmission or distribution line, telephone or telegraph properties and facilities, or pipeline, all necessary relocations, raising, lowering, rerouting, changing in grade, or alteration of construction shall be accomplished at the sole expense of the district. "Sole expense" means the actual cost of relocation, raising, lowering, rerouting or changing in grade or alteration of construction to provide comparable replacement without enhancement of facilities, after deducting the net salvage value derived from the old facility.

**SECTION 34. DISTRICT TO ENTER INTO CONSTRUCTION CONTRACTS.** The district may contract with any person to construct or improve any part of a jail facility.

**SECTION 35. BIDS ON CONTRACTS FOR CONSTRUCTION.** Construction contracts requiring an expenditure of more than \$5,000 may be made only after competitive bidding as provided by Chapter 770, Acts of the 66th Legislature, 1979 (Article 2368a.3, Vernon's Texas Civil Statutes).

**SECTION 36. CHANGE ORDERS.** After a construction contract is awarded, if the district determines that additional work is needed or if the character or type of work, facilities, or improvements should be changed, the board may authorize change orders to the contract on terms the board approves. A change made under this section may not increase or decrease the total cost of the contract by more than 25 percent.

**SECTION 37. ATTACHMENTS TO CONSTRUCTION CONTRACTS.** A construction contract must contain, or have attached to it, the specifications, plans, and details for work included in the contract, and work shall be done according to those plans and specifications under the supervision of the district.

**SECTION 38. EXECUTION AND AVAILABILITY OF CONSTRUCTION CONTRACT.** (a) A construction contract must be in writing and signed by an authorized representative of the district and the contractor.

(b) The contract is a record of the district and is subject to Section 25 of this Act.

**SECTION 39. CONTRACTOR'S BOND.** (a) A contractor shall execute a bond in an amount determined by the board, not to exceed the contract price, payable to the district and approved by the board, conditioned on the faithful performance of the obligations, agreements, and covenants of the contract.

(b) The bond must provide that if the contractor defaults on the contract, the contractor will pay to the district all damages sustained as a result of the default. The district shall deposit the bond in its depository and shall keep a copy of the bond in its main office.

**SECTION 40. MONITORING CONSTRUCTION WORK.** (a) Until a jail facility is conveyed to a receiving county under Section 42 of this Act, the board has control of any construction, acquisition, or improvement of the jail facility for which it has contracted. The board shall determine whether or not the contract is being fulfilled.

(b) The board shall have the construction work inspected by engineers, inspectors, or other personnel of the district.

(c) During the progress of the construction work, the employees inspecting the work shall submit to the board written reports that show whether or not the contractor is complying with the contract.

(d) On completion of construction work, the employees inspecting the work shall submit to the board a final detailed written report including information necessary to show whether or not the contractor has fully complied with the contract.

**SECTION 41. PAYMENT FOR CONSTRUCTION WORK.** (a) The district shall make progress payments under construction contracts monthly as the work proceeds, or at more frequent intervals as determined by the board.

(b) If requested by the board, the contractor shall furnish an analysis of the total contract price showing the amount included for each principal category of the work, in such detail as requested, to provide a basis for determining progress payments.

(c) In making progress payments, the district shall retain 10 percent of the estimated amount until final completion and acceptance of the contract work. However, if the board, at any time after 50 percent of the work has been completed, finds that satisfactory progress is being made, it may authorize any of the remaining progress payments to be made in full. Also, if the work is substantially complete, the board, if it finds the amount retained to be in excess of the amount adequate for the protection of the district, may release to the contractor all or a portion of the excess amount.

(d) On completion and acceptance of each separate project, work, or other division of the contract, on which the price is stated separately in the contract, payment may be made without retention of a percentage.

(e) When construction work is completed according to the terms of the contract, the board shall draw a warrant on the depository to pay any balance due on the contract.

**SECTION 42. FINAL APPROVAL AND CONVEYANCE BY BOARD.** (a) On receiving the final construction inspection report, the board shall give notice and schedule a public hearing to determine whether the jail facility is complete as specified in the district's plans and in the contract.

(b) At the hearing, the board may require the presentation of any additional information or testimony necessary to make a determination, and the receiving county, if any, may have its representative attend the hearing and present any information and testimony that the receiving county considers necessary.

(c) At the conclusion of the hearing, if the board determines that the work on the jail facility is complete, the board shall pass a resolution to convey the jail facility to the receiving county subject to the requirements of this Act if the jail facility is not already owned by the receiving county. The board shall file a copy of the resolution, together with the instrument of conveyance, with the clerk of the receiving county.

(d) The jail district shall make any conveyance of a jail facility to a receiving county as provided by this Act free of all interest and indebtedness of the district.

(e) If the board determines that the work on the jail facility has not been completed satisfactorily, the board shall take necessary actions to have the jail facility completed as required by the district's plans, the contract, and the receiving county.

**SECTION 43. RESPONSIBILITIES OF RECEIVING COUNTY.** (a) On completion and approval by the board of the construction or the acquisition and any improvement of a facility constructed or acquired by a jail district under this Act and on written approval by the receiving county, the board shall convey the facility to the receiving county.

(b) A receiving county to which a jail facility is conveyed is the owner of the jail facility and is responsible for all operation, maintenance, upkeep, and administration of the jail facility. The district will have no further responsibility for the jail facility. This section does not limit or modify the authority of the receiving county to alter, relocate, close, or discontinue operation or maintenance of the jail facility as provided by law.

(c) Conveyance of a jail facility to a receiving county under this section does not affect the duties and responsibilities of the district to pay in full the principal of and the premium, if any, and interest on any outstanding bonds or other indebtedness of the district and to observe and perform the covenants, obligations, or conditions provided by

the orders or resolutions authorizing the bonds or other indebtedness. Notwithstanding the conveyance of a jail facility to a receiving county under this section, the district is solely responsible and liable for payment in full of the principal of and the premium and interest on any bonds or other indebtedness of the district.

(d) A written protest alleging that the jail facility does not comply with the district's plans and written approval of the receiving county may be submitted to the board by the receiving county or a city in which the jail facility is located before or during the public hearing scheduled under Section 42 of this Act. On receipt of a protest, the board may delay the facility conveyance until the district fully complies with the plans and written approvals.

(e) This Act does not prevent the conveyance of a portion of the jail facility proposed to be constructed or acquired by a district if the district's jail facility is constructed in stages.

**SECTION 44. CHANGES AND ADDITIONS TO FACILITIES.** (a) Before a jail facility is conveyed to a receiving county, the district may make changes in or additions to the facility if the board determines that the changes or additions are necessary to:

(1) comply with the requirements of that county and, if the facility is located within the jurisdiction of a city, comply with the requirements of the city in whose limits or extraterritorial jurisdiction the facility is located; or

(2) adjust to circumstances or requirements that did not exist at the time the original plans for the facility were approved by the board.

(b) Before changes or additions are made under this section, the board shall consult with the receiving county regarding the proposed changes.

**SECTION 45. CONTRACTS FOR PURCHASE OF VEHICLES, EQUIPMENT, AND SUPPLIES OVER \$5,000.** (a) If the estimated amount of a proposed contract for the purchase of vehicles, equipment, or supplies is more than \$5,000, the board shall ask for competitive bids in accordance with the bidding procedures provided by the County Purchasing Act (Article 2368a.5, Vernon's Texas Civil Statutes) except that the bids shall be presented to the board and the board shall award the contract.

(b) This section does not apply to purchases of property from public agencies or to contracts for personal or professional services.

**SECTION 46. FISCAL YEAR.** (a) The district shall be operated on the basis of a fiscal year established by the board.

(b) The fiscal year may not be changed more than once in a 24-month period.

**SECTION 47. ANNUAL AUDIT.** Annually, the board shall have an audit made of the financial condition of the district.

**SECTION 48. ANNUAL BUDGET.** (a) The board shall prepare and approve an annual budget.

(b) The budget must contain a complete financial statement, including a statement of the:

(1) outstanding obligations of the district;

(2) amount of cash on hand to the credit of each fund of the district;

(3) amount of money received by the district from all sources during the previous year;

(4) amount of money estimated to be available to the district from all sources during the ensuing year;

(5) amount of the balances expected at the end of the year in which the budget is being prepared;

(6) estimated amount of revenues and balances available to cover the proposed budget; and

(7) estimated tax rate that will be required.

**SECTION 49. NOTICE; HEARING; ADOPTION OF BUDGET.** (a) The board shall hold a public hearing on the annual budget.

(b) At least 10 days before the date set for the hearing, the board must publish notice of the hearing in a newspaper of general circulation in the district.

(c) Any person who owns land or resides in the district is entitled to be present at and participate in the hearing.

(d) At the conclusion of the hearing, the board shall act on the budget and may make changes in the proposed budget that in its judgment the interests of the taxpayers demand.

SECTION 50. AMENDING BUDGET. After the annual budget is adopted, the board may amend the budget.

SECTION 51. LIMITATION ON EXPENDITURES. Money may not be spent for an expense not included in the annual budget or an amendment to it.

SECTION 52. SWORN STATEMENT. As soon as practicable after the close of the fiscal year, the general manager shall prepare for the board a sworn statement of the amount of money that belongs to the district and an account of the disbursements of that money.

SECTION 53. DEPOSITORY. (a) The board shall name one or more banks to serve as depository for district funds.

(b) District funds, other than those transmitted to a bank of payment for bonds issued by the district, shall be deposited as received with the depository bank. This subsection does not limit the power of the board to place a portion of the district's funds on time deposit or to purchase certificates of deposit.

(c) Before the district deposits funds in a bank in an amount that exceeds the maximum amount secured by the Federal Deposit Insurance Corporation, the bank must execute a bond or other security in an amount sufficient to secure from loss the district funds that exceed the amount secured by the Federal Deposit Insurance Corporation.

SECTION 54. INVESTMENTS. (a) Funds of the district may be invested and reinvested by the board or its authorized representative in direct or indirect obligations of the United States, the state, or any county, city, school district, or other political subdivision of the state.

(b) Funds of the district may be placed in certificates of deposit of state or national banks or state or federal savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds of counties of the state.

(c) The board, by resolution, may provide that an authorized representative of the district may invest and reinvest the funds of the district and provide for money to be withdrawn from the appropriate accounts of the district for investments on such terms as the board considers advisable.

SECTION 55. REPAYMENT OF ORGANIZATIONAL EXPENSES. (a) The board may pay all costs and expenses necessarily incurred in the creation and organization of a district, legal fees, and other incidental expenses and may reimburse any person for money advanced for those purposes.

(b) Payments may be made from money obtained from the sale of bonds first issued by the district or out of operation taxes or other revenues of the district.

SECTION 56. ISSUANCE OF BONDS. The board may issue and sell bonds in the name of the district to acquire land to erect a jail facility and to construct, acquire, or improve a jail facility. The bond proceeds may be used to pay, or establish a reasonable reserve to pay, not more than three years' interest on the bonds and notes of the district and to pay expenses related to issuance and sale of bonds as provided by the bond orders or resolutions.

SECTION 57. MANNER OF REPAYMENT OF BONDS. The board may provide for the payment of the principal of and interest on the bonds:

(1) from the levy and collection of ad valorem taxes on all taxable property within the district;

(2) by pledging all or any part of the designated revenues of the district; or

(3) from a combination of the sources listed in Subdivisions (1) and (2) of this section.



**SECTION 58. BOND AND TAX ELECTION.** (a) Bonds secured in whole or in part by taxes may not be issued by the district until the bonds and the taxes are authorized by a majority vote of the registered voters of the district voting at an election called and held for that purpose.

(b) The board may order a bond and tax election, and the order calling the election must state the nature and the date of the election, the hours during which the polls will be open, the location of the polling places, the amount of bonds and the proposed maximum tax rate to be authorized, and the maximum maturity of the bonds.

(c) Notice of a bond and tax election must be given as provided by Section 12 of this Act for confirmation elections.

(d) At an election to authorize bonds payable wholly from ad valorem taxes, the ballots must be printed to provide for voting for or against the proposition: "The issuance of bonds and the levy of taxes at a maximum rate of \_\_\_\_\_ for payment of the bonds." At any election to authorize bonds payable from both ad valorem taxes and revenues, the ballots must be printed to provide for voting for or against: "The issuance of bonds and the pledge of net revenues and the levy of ad valorem taxes at a maximum rate of \_\_\_\_\_ adequate to provide for the payment of the bonds."

(e) The board shall canvass the returns and declare the results of the election. If a majority of the votes cast at the election favor the issuance of the bonds and levy of taxes, the bonds may be issued and taxes levied by the board, but if a majority of the votes cast at the election do not favor issuance of the bonds and levy of taxes, the bonds may not be issued and the taxes may not be levied.

**SECTION 59. FORM OF BONDS.** (a) A district may issue its bonds in various series or issues.

(b) Bonds may mature serially or otherwise not more than 50 years from their date and shall bear interest at any rate permitted by the constitution and laws of the state.

(c) A district's bonds and interest coupons, if any, are investment securities under the terms of Chapter 8 of the Business & Commerce Code and may be issued registrable as to principal or as to both principal and interest and may be made redeemable before maturity, at the option of the district, or may contain a mandatory redemption provision.

(d) A district's bonds may be issued in the form, denominations, and manner and under the terms, conditions, and details, and shall be signed and executed as provided by the board in the resolution or order authorizing their issuance.

**SECTION 60. PROVISIONS OF BONDS.** (a) In the orders or resolutions authorizing the issuance of bonds, including refunding bonds, the board may provide for the flow of funds, the establishment and maintenance of the interest and sinking fund, the reserve fund, and other funds, and may make additional covenants with respect to the bonds, the pledged revenues, and the operation and maintenance of those works, improvements, and facilities, the revenue of which is pledged.

(b) The orders or resolutions of the board authorizing the issuance of bonds may also prohibit the further issuance of bonds payable from the pledged revenue or may reserve the right to issue additional bonds to be secured by a pledge of and payable from the revenue on a parity with or subordinate to the lien and pledge in support of the bonds being issued.

(c) The orders or resolutions of the board issuing bonds may contain other provisions and covenants as the board may determine.

(d) The board may adopt and have executed any other proceedings or instruments necessary and convenient in the issuance of bonds.

**SECTION 61. APPROVAL BY ATTORNEY GENERAL; REGISTRATION BY COMPTROLLER.** (a) Bonds issued by a district must be submitted to the attorney general for examination.

(b) If the attorney general finds that the bonds have been authorized in accordance with law, the attorney general shall approve them, and they shall be registered by the comptroller of public accounts.

(c) After the approval and registration of bonds, the bonds are incontestable in any court or other forum, for any reason, and are valid and binding obligations in accordance with their terms for all purposes.

**SECTION 62. REFUNDING BONDS.** (a) A district may issue bonds to refund all or any part of its outstanding bonds, including matured but unpaid interest coupons.

(b) Refunding bonds shall mature serially or otherwise not more than 50 years from their date and shall bear interest at any rate or rates permitted by the constitution and laws of the state.

(c) Refunding bonds may be payable from the same source as the bonds being refunded or from other additional sources.

(d) The refunding bonds must be approved by the attorney general as in the case of other bonds and shall be registered by the comptroller of public accounts on the surrender and cancellation of the bonds being refunded.

(e) The orders or resolutions authorizing the issuance of the refunding bonds may provide that they be sold and the proceeds deposited in the place or places at which the bonds being refunded are payable, in which case the refunding bonds may be issued before the cancellation of the bonds being refunded. If refunding bonds are issued before cancellation of the other bonds, an amount sufficient to pay the principal of and interest on the bonds being refunded to their maturity dates, or to their option dates if the bonds have been duly called for payment before maturity according to their terms, must be deposited in the place or places at which the bonds being refunded are payable. The comptroller of public accounts shall register the refunding bonds without the surrender and cancellation of bonds being refunded.

(f) A refunding may be accomplished in one or in several installment deliveries. Refunding bonds and their interest coupons are investment securities under Chapter 8 of the Business & Commerce Code.

(g) Instead of the method set forth in this section, a district may refund bonds as provided by the general laws of the state.

**SECTION 63. BONDS AS INVESTMENTS.** District bonds are legal and authorized investments for:

- (1) banks;
- (2) trust companies;
- (3) savings and loan associations;
- (4) insurance companies;
- (5) fiduciaries;
- (6) trustees;
- (7) guardians; and

(8) sinking funds of cities, counties, school districts, and other political subdivisions of the state and other public funds of the state and its agencies, including the permanent school fund.

**SECTION 64. BONDS AS SECURITY FOR DEPOSITS.** District bonds are eligible to secure deposits of public funds of the state and cities, counties, school districts, and other political subdivisions of the state. The bonds are lawful and sufficient security for deposits to the extent of their value when accompanied by all unmatured coupons.

**SECTION 65. TAX STATUS OF BONDS.** Bonds issued by a district under this Act, any transaction relating to the bonds, and profits made in the sale of the bonds, are free from taxation by the state or by any city, county, special district, or other political subdivision of the state.

**SECTION 66. LEVY OF TAXES.** The board may annually levy taxes to pay the bonds authorized under Section 56 of this Act and issued by the district, but the district may not levy taxes to pay the principal of or interest on revenue bonds issued under this Act.

**SECTION 67. BOARD AUTHORITY.** (a) The board may levy taxes for the entire year in which the district is created.

(b) The board shall levy taxes on all property in the district subject to district taxation.

**SECTION 68. TAX RATE.** In setting the tax rate, the board shall take into consideration the income of the district from sources other than taxation. On determination of the amount of tax required to be levied, the board shall make the levy and certify it to the tax assessor-collector.

**SECTION 69. TAX APPRAISAL, ASSESSMENT, AND COLLECTION.** (a) Title 1 of the Tax Code governs the appraisal, assessment, and collection of district taxes.

(b) The board may provide for the appointment of a tax assessor-collector for the district or may contract for the assessment and collection of taxes as provided by Title 1 of the Tax Code.

**SECTION 70. DISSOLUTION OF DISTRICT.** (a) After a district has completed all construction, acquisition, and improvement of jail facilities provided in the plans approved by the board and has conveyed those facilities to a receiving county under this Act, and after all bonds and other indebtedness of the district are paid in full, the district may be dissolved in the manner provided by Subsection (b) of this section.

(b) A district is dissolved if:

(1) the board adopts a resolution dissolving the district;

(2) a majority of the commissioners courts of the counties in the district vote to dissolve the district; or

(3) a majority of the registered voters in a majority of the counties in the district vote to dissolve the district in referendum elections.

(c) A referendum election on whether to dissolve a district shall be called by the commissioners court of a county in the district if 10 percent or more of the registered voters in the county petition the commissioners court for such an election.

(d) If, at the time that a district is dissolved, the district has any surplus funds in any of its accounts, the board shall transfer those funds to the county entity that assumes jurisdiction over the facilities conveyed by the district, and the county receiving the funds shall use those funds to maintain the facilities conveyed.

(e) On the dissolution of a district, the district ceases to exist and the board shall continue in existence only for the purpose of transferring district funds and disposing of district assets.

**SECTION 71. EFFECTIVE DATE.** This Act takes effect only if the constitutional amendment proposed by H.J.R. No. 18, 70th Legislature, Regular Session, 1987, is approved by the voters.

**SECTION 72. EMERGENCY.** The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on April 28, 1987, by a non-record vote. Passed by the Senate on May 22, 1987, by a viva-voce vote.

Approved June 19, 1987.

Effective upon adoption of H.J.R. No. 18.