

CHAPTER 984

S.B. No. 1315

AN ACT

relating to the creation, organization, administration, powers, and financing of road districts and road utility districts; the definition of assessed value for property taxation purposes; issuance of bond and tax anticipation notes and the use of the proceeds of such notes; authorizing the levy of taxes.

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

SECTION 1. Section 4.411, County Road and Bridge Act, as amended (Article 6702-1, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 4.411. **POWER TO ISSUE ROAD BONDS; SURPLUS IN SINKING FUND.** (a) In this part, "political subdivision" means any commissioners precinct or any justice precinct of a county.

(b) Any county or any political subdivision of a county or any road district may issue bonds, *tax anticipation notes, bond anticipation notes, or other obligations* for the purpose of the construction, acquisition by purchase, maintenance, and operation of macadamized, graveled, or paved roads and turnpikes or in aid of these purposes in any amount not to exceed one-fourth of the assessed valuation of the real property of the county, political subdivision, or road district and may levy and collect ad valorem taxes to pay the interest on the bonds and provide a sinking fund for the redemption of the bonds. The bonds shall be issued in the manner provided in this part and as contemplated and authorized by Article III, Section 52, of the Texas Constitution. *In order to determine one-fourth of the assessed valuation of the real property, the assessed value of the property shall be the market value recorded by the chief appraiser of the central appraisal district.*

(c) When the principal and all interest on the bonds are fully paid, in the event there is any surplus remaining in the sinking fund, the remaining surplus not used in the full payment of the principal and interest on the bond or bonds may be used by the county, political subdivision of the county, or any road district for the purpose of the construction, maintenance, and operation of macadamized, graveled, or paved roads and turnpikes or in the aid of these purposes or for any other lawful permanent improvement as may be determined by the commissioners court of any county or the officials of any political subdivision of a county or the road district.

SECTION 2. The County Road and Bridge Act, as amended (Article 6702-1, Vernon's Texas Civil Statutes), is amended by adding Section 4.411A to read as follows:

Sec. 4.411A. **BOND AND TAX ANTICIPATION NOTES.** (a) *A county or any political subdivision or any road district may declare an emergency in the matter of funds not being available to pay principal of and interest on any bonds issued under this Act payable in whole or in part from taxes or to meet any other needs and may issue negotiable tax anticipation notes or negotiable bond anticipation notes to borrow the money needed by the county, political subdivision, or district. Bond*

*anticipation notes and tax anticipation notes may bear interest at any rate permitted by law and shall mature within one year of their date.*

*(b) Tax anticipation notes may be issued for any purpose for which the county, political subdivision, or district is authorized to levy taxes, pursuant to this Act, and tax anticipation notes shall be secured with the proceeds of taxes to be levied by the district in the succeeding 12-month period. The court may covenant with the purchasers of the notes that the court will levy a sufficient tax to pay principal of and interest on the notes and pay the costs of collecting the taxes.*

*(c) Bond anticipation notes may be issued for any purpose for which bonds of the county, political subdivision, or district may have previously been voted or may be issued for the purpose of refunding previously issued bond anticipation notes. A county, political subdivision, or district may covenant with the purchasers of the bond anticipation notes that the county, political subdivision, or district will use the proceeds of sale of any bonds in the process of issuance for the purpose of refunding the bond anticipation notes, in which case the court will be required to use the proceeds received from sale of the bonds in the process of issuance to pay principal, interest, or redemption price on the bond anticipation notes.*

SECTION 3. Section 4.413, County Road and Bridge Act (Article 6702-1, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 4.413. ESTABLISHMENT OF ROAD DISTRICTS. (a) The county commissioners courts in their sole discretion may, after a public hearing for which notice is given as provided herein for notices of elections, establish one or more road districts as governmental entities and bodies politic pursuant to Article III, Section 52, of the Texas Constitution in their respective counties and may or may not include within the boundaries and limits of the districts, villages, towns, and municipal corporations or any portion of a village, town, and municipal corporation and may or may not include previously created road districts and political subdivisions or precincts that have voted and issued road bonds pursuant to Article III, Section 52, of the Texas Constitution, by entering an order declaring the road district established and defining the boundaries of it.

(b) This part does not prevent the creation of defined road districts and the issuance of bonds of districts in counties having outstanding countywide road bonds. The defined road districts may be created in the counties in the manner provided by statute for the creation of defined road districts and issuing the bonds of the districts.

SECTION 4. Section 4.414, County Road and Bridge Act (Article 6702-1, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 4.414. ABOLISHMENT OF [DORMANT] ROAD DISTRICTS. *In the event that a road district has no outstanding bonds, notes, or other obligations as those terms are defined in the Bond Procedures Act of 1981 (Article 717k-6, Vernon's Texas Civil Statutes), or if all of the bonds of a district have been assumed and exchanged for county bonds under the provisions relating to compensation bonds, the commissioners court may, after a public hearing, by an order passed abolishing the road district, abolish the road district, and it shall then cease to exist. [When any road district in any county in this state has paid off and discharged all of the bonds issued and sold by the road district, or when an election to issue bonds in the road district has failed by a vote of the people and the road district has issued no bonds, and no further election has been held in the road district for a period of one year from date of its creation, or when the bonds issued by the road district have been assumed and exchanged for county bonds under the compensation bond statutes, Chapter 16, General Laws, 39th Legislature, 1st Called Session, 1926, and in the opinion of the commissioners court of the county the road district has become dormant and there exists no further necessity for the road district, the commissioners court of any county may by an order passed abolishing the road district abolish the road district, and it shall then cease to exist.]*

SECTION 5. Section 4.416, County Road and Bridge Act (Article 6702-1, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 4.416. PETITION FOR ELECTION. (a) If any political subdivision or any road district desires to issue bonds, there shall be presented to the commissioners court of the

county in which the subdivision or district is situated, a petition signed by 50 or a majority of the qualified voters of the subdivision or road district, *or, in the alternative, signed by all of the property owners within the district as indicated by the county tax rolls*, praying the court to order an election to determine whether or not the bonds of the subdivision or district shall be issued to an amount stated for the purpose of the construction, maintenance, and operation of macadamized, graveled, or paved roads and turnpikes or in aid of these purposes and whether taxes shall be levied on all taxable property within the subdivision or district in payment of the bonds.

(b) On presentation of the petition, the court to which it is presented shall fix a time and place at which the petition shall be heard, which date shall be not less than 15 nor more than 90 [30] days after the date of the order. The clerk of the court shall immediately issue a notice of the time and place of hearing. The notice must inform all concerned persons of the time and place of hearing and of their right to appear at the hearing and contend for or protest the ordering of the bond election. The notice must state the amount of bonds proposed to be issued *and*[,] describe the political subdivision or road district by its name or number; *shall include a description of the property comprising the road district and its estimated acreage and boundaries as is reasonably calculated to inform interested parties of the area comprising the district; shall include a map or diagram of the area reasonably calculated to show the boundaries of the district and the major roadways in or adjacent to the district; and shall designate the county officer or employee from whom further details may be obtained* [~~and describe the boundaries of the subdivision or district as those boundaries are described and defined in the order of the commissioners court establishing the subdivision or district~~]. The clerk shall execute the notice *in the manner provided herein for notices of elections*. [~~by posting copies of it in three public places within the subdivision or road district and one at the courthouse door of the county. The notice shall be posted for at least 10 days prior to the date of the hearing. The notice shall also be published in a newspaper of general circulation in the subdivision or district, if a newspaper is published in that area, one time, and at least five days prior to the hearing. If no newspaper is published in the subdivision or district, the notice shall be published in some newspaper published in the county, if there be one.~~]

(c) The duties imposed by this subchapter on the clerk may be performed by the clerk in person or by deputy as provided by law for other similar duties.

SECTION 6. The County Road and Bridge Act, as amended (Article 6702-1, Vernon's Texas Civil Statutes), is amended by adding Section 4.416A to read as follows:

*Sec. 4.416A. NOTICE TO PURCHASERS. (a) Each seller of land within a road district shall furnish to the purchaser of such land, prior to the final closing of the sale and purchase, a separate written notice, executed and acknowledged by the seller, which shall contain, at a minimum, the following information:*

*(1) a statement that the land lies in whole or in part within the boundaries of a road district, which shall be identified by name;*

*(2) if the road district has bonds, notes, or other obligations which have been voted but are unissued, the total amount of bonds authorized to be issued by the district; and*

*(3) if the district has bonds, notes, or other obligations payable in whole or in part from taxes which have been voted, issued, and sold, the amount of such obligations then outstanding and the current tax rate assessed by the road district.*

*(b) A copy of said notice shall be provided to the road district, and such notice shall be sufficient if it is in substantial compliance with this subsection.*

SECTION 7. Section 4.417, County Road and Bridge Act (Article 6702-1, Vernon's Texas Civil Statutes), is amended to read as follows:

**Sec. 4.417. HEARING AND DETERMINATION.** At the time and place set for the hearing of the petition or a subsequent date as may then be fixed, the court shall proceed to hear the petition and all matters in respect of the proposed bond election. Any interested person may appear before the court in person or by attorney and contend for or protest the calling of the proposed bond election. The hearing may be adjourned from

day to day and from time to time as the court may consider necessary. If on the hearing of the petition the court finds that the petition is signed by *the proper number of qualified persons as set out herein* [~~50 or a majority of the qualified voters of the subdivision or road district~~], that due notice has been given, and that the proposed improvements would be for the benefit of all taxable property situated in the subdivision or road district, the court may issue and cause to be entered of record in its minutes an order directing that an election be held within and for the subdivision or road district at a date to be fixed in the order for the purpose of determining the questions mentioned in the petitions. However, the court may change the amount of the bonds proposed to be issued, if on the hearing the change is found necessary or desirable. The proposition to be submitted at the election shall specify the purpose for which the bonds are to be issued, the amount of the bonds, the rate of interest, and the fact that ad valorem taxes are to be levied annually on all taxable property within the district or subdivision sufficient to pay the annual interest and provide a sinking fund to pay the bonds at maturity. *A proposition shall be sufficient for all purposes under this Act if it is in the following form:*

*“Authorizing the (Name of district or subdivision) to issue its bonds in the total sum of \$\_\_\_\_\_ and to levy annually ad valorem taxes on all taxable property in the (subdivision or district) to pay the interest on the bonds and create a sinking fund to redeem the principal at maturity for the purposes of the purchase or acquisition of roads and the construction, maintenance, and operation of macadamized, graveled, or paved roads and turnpikes or in aid of the purposes within or without the boundaries of the (subdivision or district).”*

SECTION 8. Section 4.418, County Road and Bridge Act (Article 6702-1, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 4.418. *DISTRICT SIGNS. Any road district created under this Act shall, within 60 days after the effective date of this section or the creation of the district, post signs indicating the existence of the district at at least two principal entrances to the district. Such signs, consistent with state and local regulations regarding signs, shall be of permanent construction, shall contain the name of the district in three-inch letters, may contain such other information as the court may direct, and shall be placed so as to be readable by traffic entering the district. The district shall maintain such signs so long as the district is in existence.* [~~NOTICE OF ELECTION. If the proposed issue of bonds and levy of taxes is for the entire county, notice of the election shall be given by publication in a newspaper published in the county, for three successive weeks, if there be one. In addition, for at least three weeks prior to the election, notice shall be posted by the county clerk at four public places in the county, one of which shall be the courthouse door.~~]

SECTION 9. Section 4.419, County Road and Bridge Act (Article 6702-1, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 4.419. *NOTICE OF ELECTION* [~~IN POLITICAL SUBDIVISION OR ROAD DISTRICT~~]. (a) *Notice shall be given as provided by Chapter 4, Election Code. Notice as permitted in this subsection shall not be a prerequisite to or affect the validity of the election or hearing to which it relates. If the proposed election [issue of bonds and levy of taxes] is for a political subdivision or road district, notice of the election shall be given by [publication in a newspaper in the subdivision or district for three successive weeks and by] posting notices in at least three public places in the subdivision or district and at the courthouse door of the county. [If no newspaper is published in the subdivision or district, the published notice shall be given in some newspaper published in the county, if there be one.]*

(b) *The court may, in addition to the required notices herein, prescribe that any notices of hearings and elections for subdivisions and districts be made by mail to each registered voter in the subdivision or district, to each owner of property within the subdivision or district as shown by the tax rolls of the county, and to each person having an interest in property within the subdivision or district as the same may be reasonably ascertained. Notice given by mail in this manner shall be effective when properly addressed and mailed.*

SECTION 10. Section 4.420, County Road and Bridge Act (Article 6702-1, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 4.420. PLACE OF HOLDING ELECTION IN SUBDIVISIONS. The commissioners court shall determine the time and place or places of holding the election, and the date of the election shall be *an* ~~[the next uniform]~~ election date authorized by Section 41.001 [9b], [Texas] Election Code~~[, as amended (Article 2.01b, Vernon's Texas Election Code), that occurs after the 30th day after the day the order is made].~~

SECTION 11. Section 4.422, County Road and Bridge Act (Article 6702-1, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 4.422. ISSUANCE OF BONDS. If at the election two-thirds of the voters voting at the election cast their ballots in favor of the issuance of bonds, the commissioners court *may* ~~[shall, as soon thereafter as practicable,]~~ issue the bonds on the faith and credit of the county, political subdivision, or road district as the case may be.

SECTION 12. Section 4.424, County Road and Bridge Act (Article 6702-1, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 4.424. SALE OF BONDS AND DISPOSITION OF PROCEEDS. After approval and registration as provided by law relative to other bonds, the bonds or bond anticipation notes shall continue in the custody and control of the commissioners court of the county in which they were issued *until* ~~[and shall be]~~ sold as provided by the Bond Procedures Act of 1981 (Article 717k-6, Vernon's Texas Civil Statutes), either in whole or in parcels. That portion of the purchase money representing capitalized interest shall be placed in the county treasury of the county or of the political subdivision or road district, as the case may be, and shall be used to pay interest coming due on the bonds or bond anticipation notes, and the remainder of the funds, after the payment of the costs of issuance of the bonds or bond anticipation notes, shall be placed in the county treasury of the county to the credit of the available road fund of the county or of the political subdivision or road district of the county, as the case may be, *to be used for the purposes for which the bonds were issued, including payment of costs of issuance, costs of surveying, costs of creation, costs of construction, acquisition, or purchase, and costs of operation and maintenance as may be approved by the court.*

SECTION 13. Section 4.425, County Road and Bridge Act (Article 6702-1, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 4.425. ~~[AD VALOREM]~~ TAX LEVY. *Each year that bonds are outstanding, taxes shall be levied sufficient to pay the principal of and interest on the bonds. Taxes shall be levied in accordance with the procedures for taxation set forth in Sections 51.502 through 51.506, Water Code. To the extent that the provisions of this Act refer to ad valorem taxes, such provisions shall be deemed to refer to taxes levied on any basis of taxation for which provision is herein made if the commissioners court determines to levy on a basis other than an ad valorem basis. [Before the bonds are put on the market, the commissioners court of the county in which the election was held shall levy an ad valorem tax sufficient to pay the interest on the bonds and to provide a sinking fund to pay the bonds at maturity.]*

SECTION 14. Section 4.431, County Road and Bridge Act (Article 6702-1, Vernon's Texas Civil Statutes), is repealed.

SECTION 15. The County Road and Bridge Act, as amended (Article 6702-1, Vernon's Texas Civil Statutes), is amended by adding Section 4.432A to read as follows:

Sec. 4.432A. ADDING AND EXCLUDING TERRITORY FROM A ROAD DISTRICT.  
(a) *Excluding Land From District. (1) At any time before the court orders an election for the authorization of bonds for a road district, the court may, on its own motion or upon receipt of a written petition from a landowner seeking the exclusion of that landowner's property from the district, call a hearing on the question of the exclusion of specified land from the district.*

(2) *If the court determines that an exclusion hearing should be held, the court shall give notice of a time and place of a hearing in the manner provided for notices of hearings for creation herein.*

(3) Exclusions from the district may be made on the grounds that:

(i) to retain certain land within the district's taxing power would be arbitrary and unnecessary to protect the public welfare, would impair or destroy the value of the property desired to be excluded, and would constitute the arbitrary imposition of a confiscatory burden;

(ii) to retain any given land or other property in the district and to extend to it, either presently or in the future, the benefits, service, or protection of the district's roads would create an undue and uneconomical burden on the remainder of the district; or

(iii) the land desired to be excluded cannot be bettered as to conditions of living and health or otherwise benefitted by the district's proposed improvements.

(4) After considering all engineering data and other evidence presented to it at a hearing, the court shall determine whether grounds for exclusion of the property in question exist and, if they do, the court shall enter an order excluding all land or other property falling within the conditions defined as grounds for exclusion and shall redefine in the order the boundaries of the district to embrace all land not excluded.

(b) Adding Land by Petition of Landowner. (1) The owner or owners of land contiguous to the district or otherwise may file a petition with the court requesting that there be included in the district the land described in the petition by metes and bounds or by lot and block number if there is a recorded plat of the area to be included in the district.

(2) If the district has bonds, notes, or other obligations outstanding or bonds payable in whole or in part from taxes which have been voted but are unissued, the court shall require the petitioner or petitioners to assume their share of the outstanding bonds, notes, or other obligations and the voted but unissued tax bonds of the district and authorize the court to levy a tax on their property in each year while any of the bonds, notes, or other obligations payable in whole or in part from taxation are outstanding in order to pay their share of the indebtedness.

(3) After notice given in the manner required for hearing for creation herein, the court shall hear and consider the petition and may add to the district the land described in the petition if it is considered to be to the advantage to the land to be added and to the district without injuring land already in the district. If the petitioner or petitioners have consented as provided herein, the court may issue any voted but unissued bonds even though the boundaries of the district have been altered since the authorization of the bonds. If there are no qualified voters residing within the boundaries of the land proposed to be added to the district, the court may order the addition of such land without further proceedings. If any qualified voters reside within the boundaries of the land to be added and if the district has bonds, notes, or other obligations payable from taxes currently outstanding, the court shall further order that an assumption election as provided herein shall be held in the district, as enlarged by reason of the annexation of the area, on the question of the assumption of the outstanding and voted but unissued bonds, notes, obligations, and taxes by the annexed area; and the court shall provide in its order annexing an area to the district that the annexation will not be complete or final unless the assumption election results favorably to the assumption of the district's outstanding bonds, notes, and obligations and the levy of a tax to pay the same.

(c) Adding Land by Petition of Less Than All Landowners or on Own Motion. (1) The court, on its own motion or on receipt of a petition requesting the annexation of a defined area signed by a majority in value of the owners of land in the defined area (as shown by the tax rolls of the county) or signed by 50 landowners if the number of landowners is more than 50, shall order a hearing on the question of annexation. Notice for such hearing shall be given in the manner required for notice of hearings on creation as provided herein.

(2) If upon the hearing it is found by the court that the proposed annexation of the area to the district is feasible and practical and would be of benefit both to the area

and to the district, then the court may receive the proposed area as an addition to the district. The order adding the proposed territory to the district need not include all of the land described in the petition, if on the hearing a modification or change is found necessary or desirable by the court.

(3) The added area shall be subject to all of the bonds, notes, obligations, or taxes, issued or levied before the annexation of the area to the district, provided that in its order adding such land to the district the court shall order an election to be held in the district, as enlarged by reason of the annexation of the area, on the question of the assumption of the bonds, notes, obligations, and taxes by the annexed area. At the same election, the court shall also submit a proposition on the question of whether the annexed area should assume its part of the bonds of the district payable in whole or in part from taxes which have been voted previously but not yet issued or sold and the levy of an ad valorem tax on all taxable property within the area annexed along with a tax on the rest of the district for the payment of the bonds. At the same election, the court, in a separate proposal, may also submit the question of whether the court should be authorized to issue bonds for the purpose of the construction, acquisition by purchase, maintenance and operation of macadamized, graveled, or paved roads and turnpikes, or in aid of these purposes in the annexed area. If the election results favorably, the district shall be authorized to issue its voted but unissued bonds even though the boundaries of the district have been changed since the original election approving the bonds.

(4) The court shall provide in its order annexing an area to the district that the annexation will not be complete or final unless the indebtedness, tax, bond, note, or other obligation assumption elections result favorably to the assumption of the district's outstanding bonds, notes or other obligations, and voted but unissued bonds.

(5) The court may provide in its order annexing an area to the district that the annexation will not be complete unless the election results favorably to the issuance of bonds for the purpose of construction, acquisition by purchase, maintenance and operation of macadamized, graveled, or paved roads and turnpikes, or in aid of these purposes in the area to be annexed.

(d) *Notice of Assumption Elections.* Whenever an election is ordered to be held in the district for the purpose of the assumption of bonds, notes, other obligations, or taxes or the assumption of voted but unissued bonds by reason of the annexation of any area, the election shall be held and notice given as provided for bond elections held by the district.

SECTION 16. Section 4.435, County Road and Bridge Act (Article 6702-1, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 4.435. ~~CONTRACTS [POWERS OF COUNTY COMMISSIONER]~~. The county commissioner in whose commissioner precinct the political subdivision or road district is located shall be ex officio road superintendent of the subdivision or district with power to contract in behalf of the subdivision or district in an amount not to exceed \$50, which shall be approved by the commissioners court. All contracts exceeding the sum of \$50 shall be awarded by the entire court. *This Act shall constitute wholly sufficient authority for the commissioners court, if in its sole discretion it considers it advisable, to enter into contracts with engineers, financial advisors, attorneys, and other consultants to act in behalf of the county or any political subdivision or road district thereof.*

SECTION 17. Section 4.447, County Road and Bridge Act (Article 6702-1, Vernon's Texas Civil Statutes), as added by Chapter 678, Acts of the 69th Legislature, Regular Session, 1985, is amended to read as follows:

Sec. 4.447. *ACQUISITION OF ROADS.* (a) Any road district created pursuant to Article III, Section 52, of the Texas Constitution may agree to reimburse to a private individual or entity funds expended to construct roads or improvements which have been or will be dedicated or otherwise transferred to public use or to ~~[with bond proceeds or any other available revenue]~~ purchase ~~[improved]~~ roads or improvements constructed by a private individual or entity, whether such construction occurs prior to or after the creation of the district so long as the road had been constructed or

otherwise improved as a result of the award of contracts in substantial conformity with the bid procedures applicable to and required to be observed by a county and so long as such roads have been improved or constructed in accordance with the road standards and regulations of the county in which they are located, *and so long as such road improvements have not been opened for public use or accepted by official action by a governmental entity earlier than the time the district agrees to such reimbursement.* Construction contracts ~~[to be]~~ awarded for the construction and improvement of such roads ~~[contemplated to be purchased by a road district to be created]~~ must be approved by the commissioners court of the county in which the road is or will be situated. *Reimbursement or purchase price may include all construction costs, including engineering, legal, financing, and other expenses incident to said construction, and may be paid with proceeds from the sale of the district's bonds or from any other funds available to the district.*

(b) Any road district bond election may state as one of its purposes the *construction, improvement, or acquisition of, or reimbursement of expenses for construction, improvement, or acquisition of [existing] roads, [privately constructed],* for an amount not to exceed the cost of construction on the basis of competitive bid contracts *plus engineering, legal, financing, and other expenses incident to such construction, improvement, or acquisitions.*

(c) Notwithstanding the ~~[above]~~ provisions of *Subsection (a) of this section,* any road district may acquire, *pay for the construction or improvement of, or agree to reimburse the costs of construction, improvement, or acquisition of a [an existing] road including engineering, legal, financing, and other expenses incident to such construction, improvement, or acquisition [privately constructed and owned]* at a price not to exceed the ~~[its]~~ replacement cost of the road or improvements as that may be determined by the commissioners court ~~[ex-officio directors of the district].~~

(d) *Any road district may enter into an agreement to use the proceeds of a subsequent bond sale for reimbursing all construction costs, engineering and other expenses, and financing costs incident to construction, improvement, or acquisition of any road to any private individual or entity who constructs, improves, or acquires any facility which benefits the road district pursuant to such agreement. Any such agreement may provide the terms and conditions under which the road district will be required to accept the dedication or transfer of such road or improvements thereto for the benefit of the public and to pay or reimburse the cost of acquiring, improving, or constructing the road. A road district may assign all or any portion of its rights or obligations under such agreement to any other political subdivision authorized by law to own, operate, or maintain any road which is the subject of such agreement.*

SECTION 18. Section 4.447, County Road and Bridge Act (Article 6702-1, Vernon's Texas Civil Statutes), as added by Chapter 927, Acts of the 69th Legislature, Regular Session, 1985, is amended by renumbering it Section 4.448 and amending it to read as follows:

Sec. 4.448 [4.447]. USE OF BOND PROCEEDS TO JOINTLY PAY COSTS OF PROJECT. (a) A county or a political subdivision or a road district of a county may enter into contracts with transportation corporations created by the State Highway and Public Transportation Commission under authority of the Texas Transportation Corporation Act (Article 15281, Vernon's Texas Civil Statutes) *or with state agencies, other counties, or political subdivisions* for purposes of jointly paying the costs of a project ~~[designated by the commission]~~ and pursuant to which the transportation corporation, *the state agency, the county, or the political subdivision* may be obligated to design, construct, and/or improve the projects on such terms and conditions as may be set forth in the contracts. Payments required to be made under such a contract may be made out of bond proceeds, and a county or political subdivision or a road district of a county may issue bonds for the purpose of paying all or any part of the costs of a particular project *if the county or political subdivision finds that the project will benefit the county or subdivision.*

(b) *Any county, political subdivision, or road district may enter into a contract with another governmental entity or agency to acquire with bond proceeds necessary*



*rights-of-way for any road or highway facility and to construct and maintain said roads in cooperation with that entity or agency if the commissioners court finds that such improvements are reasonable, necessary, and beneficial to the county, subdivision, or district.*

SECTION 19. The County Road and Bridge Act, as amended (Article 6702-1, Vernon's Texas Civil Statutes), is amended by adding Section 4.449 to read as follows:

*Sec. 4.449. USE OF PROCEEDS OUTSIDE DISTRICT. Any road district may use the proceeds of the bonds for the purpose of the construction, acquisition by purchase, maintenance and operation of macadamized, graveled, or paved roads and turnpikes, or in aid of these purposes for road improvements not located within the boundaries of the district, if the commissioners court finds that such improvements are reasonable, necessary, and beneficial to all of the taxable property within the district.*

SECTION 20. Section 4.466, County Road and Bridge Act, as amended (Article 6702-1, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 4.466. BOND ELECTION. (a) After the creation of the road district, the commissioners court of the counties or portions of counties included in the district at a joint meeting held in the county having the largest number of inhabitants as shown by the most recent federal census may order an election to be held within the district. The court shall order the election to be held on *an* [the next uniform] election date authorized by *the* [Section 9b,] Texas Election Code [as amended (Article 2.01b, Vernon's Texas Election Code), that occurs after the 30th day after the day the order is made]. The voters shall be permitted to vote for or against the proposition:

"Authorizing the \_\_\_\_\_ Counties Road District of Texas to issue the bonds of the district in the total sum of \$\_\_\_\_\_ and to levy annually ad valorem taxes on all taxable property in the district to pay the interest on the bonds and create a sinking fund to redeem the principal at maturity for the purpose of the construction, maintenance, and operation of macadamized, graveled, or paved road and turnpikes or in aid of these purposes within the district.

"The roads to be constructed from the proceeds of the sale of the bonds and the amount apportioned to each road is as follows:

"(Here set out the road or roads as described in the order and notice of the election to determine the creation of the district and the amount to be expended on each road or roads.)"

(b) If it is proposed to purchase or take over the improved roads already constructed by an included county or any included road district, the election order shall be in conformity with the provisions of Section 4.451 of this Act.

SECTION 21. Section 33, Chapter 13, Acts of the 68th Legislature, 2nd Called Session, 1984 (Article 6674r-1, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 33. GENERAL POWERS. A district may:

(1) acquire facilities, whether inside or outside of district boundaries, and property for facilities, whether inside or outside of district boundaries, and may construct or improve facilities, whether inside or outside of district boundaries, as provided by this Act;

(2) provide financing for facilities and their construction, acquisition, and improvement from money available to the district under this Act;

(3) advise, consult, contract, cooperate with, and enter into agreements with the federal government and its agencies, the state and its agencies, local governments, persons, and private entities;

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

(5) assume the contracts and obligations of previous owners of facilities and property acquired by the district and perform the contracts and obligations to the same extent that any other purchaser or assignee would be bound; provided, however, only if such contracts and obligations of previous owners were created pursuant to the competitive

bidding requirements provided within Chapter 770, Acts of the 66th Legislature, Regular Session, 1979 (Article 2368a.3, Vernon's Texas Civil Statutes);

(6) *reimburse a private individual or entity funds expended to construct roads or improvements which have been or will be dedicated or otherwise transferred to public use or purchase roads or improvements constructed by a private individual or entity, whether such construction occurs prior to or after the creation of the district;*

(7) contract with any person for construction, acquisition, and improvement of facilities; and

(8) [(7)] exercise such authority, powers, rights, duties, and other functions which will permit accomplishment of the purposes for which the district was created.

SECTION 22. Section 34A, Chapter 13, Acts of the 68th Legislature, 2nd Called Session, 1984, as amended (Article 6674r-1, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 34A. CONTRACT WITH TRANSPORTATION CORPORATIONS. A district may enter into contracts with transportation corporations created by the State Highway and Public Transportation Commission under authority of the Texas Transportation Corporation Act (Article 1528l, Vernon's Texas Civil Statutes) *or with state agencies, counties, or political subdivisions* for purposes of jointly paying the costs of a project [~~designated by the commission~~] and pursuant to which the transportation corporation, *the state agency, the county, or the political subdivision* may be obligated to design, construct, and/or improve the projects on such terms and conditions as may be set forth in the contracts. Payments required to be made under such a contract may be made out of bond proceeds, and a district may issue bonds for the purpose of paying all or any part of the costs of a particular project.

SECTION 23. Section 51, Chapter 13, Acts of the 68th Legislature, 2nd Called Session, 1984 (Article 6674r-1, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 51. ISSUANCE OF BONDS. The board may issue and sell bonds in the name of the district in an amount not to exceed one-fourth of the assessed valuation of the real property of the district to construct, acquire, and improve facilities as provided by this Act. *In order to determine one-fourth of the assessed valuation of the real property, the assessed value of the property shall be the market value recorded by the chief appraiser of the central appraisal district.*

SECTION 24. Section 52, Chapter 13, Acts of the 68th Legislature, 2nd Called Session, 1984 (Article 6674r-1, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 52. MANNER OF REPAYMENT OF BONDS. The board may provide for the payment of the principal of and interest on the bonds in any one of the following manners:

(1) from the levy and collection of ad valorem taxes *or by complying with the procedures set forth in Sections 51.502 through 51.506, Water Code, adopting any other plan of taxation authorized therein. To the extent that the provisions of this Act refer to ad valorem taxes, such provisions shall be deemed to refer to taxes levied on any basis of taxation for which provision is herein made if the board determines to levy on a basis other than the ad valorem basis* [~~on all taxable property within the district~~];

(2) by pledging all or any part of the fees assessed under Section 71 of this Act; or

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

SECTION 25. Subdivision (9), Section 1.04, Tax Code, is amended to read as follows:

(9) "Assessed value" means, *for the purposes of assessment of property for taxation*, the amount determined by multiplying the appraised value by the applicable assessment ratio, *but, for the purposes of determining the debt limitation imposed by Article III, Section 52, of the Texas Constitution, shall mean the market value of the property recorded by the chief appraiser.*

SECTION 26. 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

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constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed the Senate on May 11, 1987, by the following vote: Yeas 27, Nays 0; and that the Senate concurred in House amendments on June 1, 1987, by the following vote: Yeas 31, Nays 0. Passed the House, with amendments, on May 29, 1987, by the following vote: Yeas 123, Nays 12, one present not voting.

Approved June 19, 1987.

Effective June 19, 1987.