

## Texas Legislature Online History

**Bill:** HB 2635**Legislative Session:** 84(R)**Council Document:** 84R 14077 JXC-F**Last Action:** 05/06/2015 H Left pending in committee**Caption Version:** Introduced**Caption Text:** Relating to the creation and operation of a park and recreation district in counties that share a border on the San Marcos River and to the authority of the district to collect fees and issue bonds; creating a criminal offense and providing penalties.**Author:** Kuempel | Cyrier**Cosponsor:**

**Subjects:** SAN MARCOS RIVER (G0475)  
 County Government--Land Use & Zoning (I0098)  
 Parks & Wildlife--Parks (I0555)  
 Special Districts & Authorities--Miscellaneous (I0770)

**House Committee:** Special Purpose Districts**Status:** In committee**Actions:** (descending date order)

|   | Description   | Comment | Date ▼     | Time     | Journal Page |
|---|---|---------|------------|----------|--------------|
| H | Left pending in committee                             |         | 05/06/2015 |          |              |
| H | Testimony taken/registration(s) recorded in committee |         | 05/06/2015 |          |              |
| H | Committee substitute considered in committee          |         | 05/06/2015 |          |              |
| H | Considered in public hearing                          |         | 05/06/2015 |          |              |
| H | Scheduled for public hearing on . . .                 |         | 05/06/2015 |          |              |
| H | Referred to Special Purpose Districts                 |         | 03/16/2015 | 04:36 PM | 734          |
| H | Read first time                                       |         | 03/16/2015 |          | 734          |
| H | Filed   |         | 03/09/2015 |          |              |

By: Kuempel

H.B. No. 2635

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the creation and operation of a park and recreation  
3 district in counties that share a border on the San Marcos River and  
4 to the authority of the district to collect fees and issue bonds;  
5 creating a criminal offense and providing penalties.

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

7 SECTION 1. Subtitle B, Title 10, Local Government Code, is  
8 amended by adding Chapter 324A to read as follows:

9 CHAPTER 324A. PARK AND RECREATION DISTRICTS IN CERTAIN COUNTIES ON

10 THE SAN MARCOS RIVER

11 SUBCHAPTER A. GENERAL PROVISIONS

12 Sec. 324A.001. ELIGIBLE COUNTIES AND TERRITORY. (a) Two  
13 counties that share a border on the San Marcos River may create a  
14 district as provided by this chapter in all or part of the counties  
15 to:

16 (1) conserve the natural resources in the district;

17 and

18 (2) improve the public health, safety, and welfare in  
19 the district.

20 (b) The territory of a district created under this chapter  
21 must include all of at least one county election precinct on each  
22 side of the San Marcos River, except that the district territory  
23 must exclude all territory located in a state park.

24 (c) The territory of a district created under this chapter

1 may not include territory outside of the creating counties  
2 initially, but the district may annex territory outside the  
3 counties under Section 324A.121.

4 Sec. 324A.002. DEFINITIONS. (a) In this chapter:

5 (1) "Board" means the board of directors of a park and  
6 recreation district created under this chapter.

7 (2) "District" means a park and recreation district  
8 created under this chapter.

9 (3) "Eligible county" means a county described by  
10 Section 324A.001.

11 (4) "Fee" includes a toll or any other charge.

12 (b) A reference in this chapter to a county "in which the  
13 district is located" does not include a county in which the district  
14 was not located on the date the district was created.

15 SUBCHAPTER B. CREATION OF PARK AND RECREATION DISTRICT

16 Sec. 324A.021. CREATION ELECTIONS REQUIRED. A district may  
17 be created under this chapter only if:

18 (1) the commissioners court of each eligible county in  
19 which the proposed district will be located:

20 (A) receives a written petition for the creation  
21 of the district that:

22 (i) is signed by a number of the registered  
23 voters who reside in the county equal to at least five percent of  
24 the votes received in the county in the most recent gubernatorial  
25 general election; and

26 (ii) includes an accurate description of  
27 the territory to be included in the district by reference to county

1 election precinct boundaries, by metes and bounds, by lot and block  
2 number if there is a recorded map or plat and survey of the area, or  
3 by other sufficient legal description; or

4 (B) passes a motion favoring creation of the  
5 district that includes an accurate description of the territory to  
6 be included in the district by reference to county election  
7 precinct boundaries, by metes and bounds, by lot and block number if  
8 there is a recorded map or plat and survey of the area, or by other  
9 sufficient legal description;

10 (2) the commissioners court of each county in which  
11 the proposed district will be located approves the creation of the  
12 district after a public hearing held to consider the creation of the  
13 district; and

14 (3) the creation of the district is approved by the  
15 voters as provided by Section 324A.024.

16 Sec. 324A.022. HEARING. (a) A commissioners court of an  
17 eligible county that receives a petition or passes a motion under  
18 Section 324A.021 shall hold a hearing on the creation of the  
19 district.

20 (b) The commissioners court shall set a date for the hearing  
21 that is after the 20th day but on or before the 40th day after the  
22 date the petition is received or the passage of the motion, as  
23 applicable, under Section 324A.021.

24 (c) The commissioners court shall publish in a newspaper of  
25 general circulation in the county notice of the petition or motion  
26 and the hearing date.

27 (d) The notice must be published at least once each week for

1 a period of two weeks before the hearing date.

2 (e) At the hearing, the commissioners court shall hear all  
3 arguments for and against the creation of the district and shall  
4 take evidence as in civil cases in the county court.

5 (f) The hearing may be adjourned from time to time on good  
6 cause shown.

7 Sec. 324A.023. ORDER OF ELECTION. (a) After holding a  
8 hearing under Section 324A.022, the commissioners court may approve  
9 the creation of the district and order an election on the issue of  
10 the creation of the district only if the court finds that:

11 (1) the petition, if any, was signed by the required  
12 number of registered voters in the county;

13 (2) the district will serve the purposes prescribed by  
14 Section 324A.001; and

15 (3) the territory of the proposed district includes at  
16 least one county election precinct in an eligible county on each  
17 side of the San Marcos River.

18 (b) The commissioners court's election order must provide  
19 for the voters of the territory of the proposed district who reside  
20 in the county to vote for or against a proposition to approve the  
21 creation of the district.

22 (c) A commissioners court that orders an election under this  
23 section shall notify the commissioners court of the other eligible  
24 county in which the proposed district will be located of the order.

25 Sec. 324A.024. ELECTION; RESULT. (a) The election must be  
26 held on the date of the first regularly scheduled countywide  
27 election that follows the date of the order of the election and for

1 which there is sufficient time to comply with other requirements of  
2 law.

3 (b) The commissioners courts of the counties in which the  
4 proposed district will be located are not required to hold their  
5 respective creation elections on the same day.

6 (c) The returns on the election shall be certified and the  
7 results declared in the same manner as provided for other county  
8 elections, except as provided by this section.

9 (d) A commissioners court that holds an election under this  
10 section shall notify the commissioners court of the other county in  
11 which the district is proposed to be located of the results of the  
12 election, including the number of voters who voted for the  
13 proposition and the number of voters who voted against the  
14 proposition.

15 (e) After an election is held in the proposed district  
16 territory of each eligible county, the two commissioners courts  
17 jointly shall determine whether the majority of the voters voting  
18 in the proposed district as a whole voted for or against the  
19 proposition to approve the creation of the district. The county  
20 commissioners courts jointly shall declare the district created if  
21 a majority of the voters who voted in the proposed district as a  
22 whole voted for the proposition. Each commissioners court shall  
23 enter the declaration in the court's minutes at the court's next  
24 meeting, or if the majority of the voters who voted in the proposed  
25 district as a whole voted against the proposition, each court shall  
26 enter in the court's minutes that the voters did not approve the  
27 creation of the district.

1       Sec. 324A.025. COSTS OF CREATION AND ORGANIZATION. The  
2 costs necessarily incurred in the creation and organization of the  
3 district may be paid from the district's revenue from any source.

4       SUBCHAPTER C. BOARD OF DIRECTORS OF PARK AND RECREATION DISTRICT

5       Sec. 324A.041. APPOINTMENT OF BOARD MEMBERS; TERMS. (a) A  
6 district is governed by a board composed of seven members.

7       (b) The commissioners court of each county in which the  
8 district is located shall appoint three members of the board.

9       (c) A municipality in the district may nominate a candidate  
10 for the seventh board member position. The six board members  
11 appointed under Subsection (b) shall select a seventh board member  
12 from among the nominations or, if the board receives no  
13 nominations, shall select a seventh board member.

14       (d) A commissioners court or the board shall file with the  
15 county clerk of each county in which the district is located a  
16 certificate of the appointment of each board member appointed by  
17 the court or board. The certificate is conclusive evidence of the  
18 proper appointment of the board member.

19       (e) Three members of the initial board serve one-year terms  
20 and four members serve two-year terms. The members shall draw lots  
21 to determine which members serve the one-year terms. Thereafter,  
22 each board member is appointed for a term of two years from the date  
23 of the board member's appointment.

24       (f) A board member may not serve more than four consecutive  
25 full terms.

26       Sec. 324A.042. QUALIFICATIONS. (a) A board member must:

27               (1) be a citizen of the United States; and

1           (2) reside, own property, or own a business in the  
2 district.

3           (b) A board member may not be an officer or employee of a  
4 county in which the district is located or of a municipality in the  
5 district.

6           (c) Not more than two board members may be owners,  
7 operators, or employees of the same type of business.

8           Sec. 324A.043. VACANCIES. A vacancy that occurs on the  
9 board shall be filled for the unexpired term by appointment in the  
10 manner in which the vacating board member was appointed.

11          Sec. 324A.044. OATH AND BOND. (a) Not later than the 30th  
12 day after the date a board member is appointed, the member must  
13 qualify by taking the official oath and by filing a good and  
14 sufficient bond with the district.

15          (b) The bond must be:

16               (1) payable to the district;

17               (2) payable in an amount prescribed by the district of  
18 \$5,000 or more; and

19               (3) conditioned that the board member will faithfully  
20 perform the duties of a board member, including the proper handling  
21 of all money that comes into the board member's hands in the board  
22 member's official capacity.

23          Sec. 324A.045. COMPENSATION AND REIMBURSEMENT. A board  
24 member is not entitled to compensation but is entitled to  
25 reimbursement for necessary expenses, including travel expenses,  
26 incurred in performing the duties of a board member. A board  
27 member's reimbursement for necessary expenses in excess of \$250



1 must be approved by the board. A board member's approved expense  
2 account shall be paid in due time by the board's check or warrant.

3 Sec. 324A.046. QUORUM; MAJORITY VOTE. (a) Five board  
4 members constitute a quorum of the board.

5 (b) An affirmative vote of a majority of the membership of  
6 the board is required for board action.

7 Sec. 324A.047. APPROVAL OF COMMISSIONERS COURT. (a) The  
8 board is subject to the supervision of the commissioners courts of  
9 the counties in which the district is located in the exercise of all  
10 the board's rights, powers, and privileges and in the performance  
11 of the board's duties.

12 (b) Not later than the 30th day after the date the board  
13 acts, the commissioners courts jointly may approve or disapprove  
14 the board's action. If the courts disapprove the act, the act is  
15 ineffective. Otherwise, the act becomes effective on the earlier  
16 of the date the commissioners courts approve the act or the 31st day  
17 after the date the board acted.

18 Sec. 324A.048. ORGANIZATION; MEETINGS. (a) Annually, the  
19 board shall elect a president, a vice president, a secretary, and a  
20 treasurer.

21 (b) The offices of secretary and treasurer may be held by  
22 the same person. If either the secretary or the treasurer is absent  
23 or unavailable, the president may appoint another board member to  
24 act for and perform the duties of the absent or unavailable officer.

25 (c) The board shall set times for and hold regular meetings.  
26 On the request of two or more board members, the board may hold a  
27 special meeting at other times as necessary.

1        (d) The board shall hold meetings at a public place in a  
2 county in which the district is located.

3                    SUBCHAPTER D. POWERS AND DUTIES

4        Sec. 324A.061. DEPOSITORIES AND DISBURSEMENTS. (a) Money  
5 and other funds belonging to or under control of the board are  
6 public funds.

7        (b) The board shall select depositories for the money.

8        (c) A warrant or check for the withdrawal of money must be  
9 signed by two persons authorized to sign a warrant or check by  
10 resolution entered in the board's minutes.

11        Sec. 324A.062. ADMINISTRATION. (a) The board may employ a  
12 manager and a secretary.

13        (b) The board shall determine the qualifications and set the  
14 duties of employees.

15        (c) The board may call on the county attorney, district  
16 attorney, or criminal district attorney of a county in which the  
17 district is located for legal services the board requires. The  
18 board may contract for and compensate the board's own legal staff.

19        (d) The district may maintain and operate an office.

20        (e) The board may acquire insurance for the district.

21        Sec. 324A.063. SEAL. The board shall adopt a seal to place  
22 on each lease, deed, or other instrument usually executed under  
23 seal and on other instruments as the board requires.

24        Sec. 324A.064. CONTRACTS. (a) The board may enter into any  
25 contract that the board considers necessary or convenient to carry  
26 out the purposes and powers granted by this chapter.

27        (b) If the contract is for an amount less than or equal to

1 the amount prescribed by Section 262.023, the board may enter into  
2 the contract without advertisement. If the contract is for more  
3 than that amount, the contract is subject to the bidding provisions  
4 applicable to county contracts.

5 (c) To be effective, a contract must be:

6 (1) approved by board resolution;

7 (2) executed by the president or vice president; and

8 (3) attested by the secretary or treasurer.

9 Sec. 324A.065. SUITS. The board may sue and be sued in the  
10 board's own name.

11 Sec. 324A.066. DISTRICT RULES AND ORDINANCES; CRIMINAL  
12 PENALTY. (a) The board may adopt reasonable rules and ordinances  
13 applicable to:

14 (1) the administration, enforcement, and collection  
15 of district fees and the issuance, suspension, and cancellation of  
16 revenue permits;

17 (2) littering and litter abatement on public water in  
18 the district, including the possession and disposition of plastic  
19 and glass containers;

20 (3) activities that endanger the health and safety of  
21 persons or property on public water in the district, including the  
22 possession or consumption of alcohol by minors, subject to the  
23 public's paramount right to navigate inland water; and

24 (4) conservation of the district's natural resources  
25 and regulation of activities affecting the district's natural  
26 resources, including hunting, fishing, boating, camping, tubing,  
27 and swimming.

1        (b) A program adopted under this section may require a  
2 revenue permit holder to participate in a litter abatement program  
3 where the permit holder issues a trash bag to a customer.

4        (c) A person who violates a rule or ordinance adopted under  
5 this section commits an offense. An offense under this subsection  
6 is a Class C misdemeanor punishable by:

7                (1) a fine not to exceed \$500 for a violation of a rule  
8 or ordinance not described by Subsection (a)(2); and

9                (2) a fine not to exceed \$1,000 for a violation of a  
10 rule or ordinance described by Subsection (a)(2).

11        Sec. 324A.067. ENFORCEMENT. (a) A police officer,  
12 constable, sheriff, or other law enforcement officer with  
13 jurisdiction in a county in which the district is located may arrest  
14 a person who violates a district rule or ordinance, including a  
15 revenue permit requirement, in the officer's, constable's, or  
16 sheriff's county and carry out the prosecution of that person in the  
17 proper court.

18        (b) The county attorney, district attorney, or criminal  
19 district attorney of a county in which the district is located, or  
20 an attorney retained by the board for this purpose, may bring an  
21 action to enjoin a violation of a district rule or ordinance, and if  
22 the board authorizes, may seek damages and attorney's fees based on  
23 the violation, if the violation involves:

24                (1) the providing or offering of a rental or service  
25 for which collection of a fee is required under Section 324A.092;

26                (2) the failure of a revenue permit holder to remit a  
27 fee imposed under Section 324A.092 if the fee has been due for more

1 than 60 days; or

2 (3) the violation by a revenue permit holder of a  
3 district rule or ordinance relating to an activity that endangers  
4 the health or safety of a person or property in the district.

5 Sec. 324A.068. BOND. If the board brings an action to  
6 enforce this subchapter or enjoin a violation of a district rule or  
7 ordinance adopted under this subchapter, the board is not required  
8 to post a bond.

9 Sec. 324A.069. HEALTH AND SAFETY SERVICES. The district  
10 may provide for fire protection, law enforcement, or emergency  
11 medical services in the district.

12 Sec. 324A.070. WATER QUALITY. The district may conduct a  
13 program to improve water quality and sanitary conditions in the  
14 district.

15 Sec. 324A.071. GRANTS AND GRATUITIES. To promote or  
16 accomplish a purpose of this chapter, the board may:

17 (1) accept grants or gratuities in any form from any  
18 source, including the United States government, this state, a state  
19 or federal agency, a private or public corporation, or any other  
20 person; or

21 (2) accept donations of money or other property.

22 Sec. 324A.072. DISTRICT AS TRUSTEE. To promote or  
23 accomplish a purpose of this chapter, the district may act as  
24 trustee of land, money, or other property.

25 Sec. 324A.073. MANAGEMENT PLAN; ANNUAL BUDGET; FILING. (a)  
26 The board shall develop and approve a three-year master plan for the  
27 management of the district.

1       **(b) The board shall annually review and revise the master**  
2 **plan during the budget process and shall file a copy of the master**  
3 **plan and revisions with the county clerk of each county in which the**  
4 **district is located.**

5       **(c) The board shall annually develop and approve a one-year**  
6 **budget that must include the suggested revisions and additions to**  
7 **the master plan.**

8       **(d) The board shall submit the annual budget to the**  
9 **commissioners court of each county in which the district is located**  
10 **for approval and shall file a copy with the county clerk.**

11       **Sec. 324A.074. NO EMINENT DOMAIN POWER. The district may**  
12 **not exercise the power of eminent domain.**

13       **SUBCHAPTER E. FEES; BONDS; FINANCIAL PROVISIONS**

14       **Sec. 324A.091. NO AD VALOREM TAXES. The district may not**  
15 **impose an ad valorem tax.**

16       **Sec. 324A.092. FEES FOR EQUIPMENT RENTALS AND SHUTTLE**  
17 **SERVICE; REVENUE PERMITS; CRIMINAL PENALTY. (a) The district may**  
18 **collect fees and issue revenue permits under this section in the**  
19 **district to carry out any purposes prescribed by this chapter and to**  
20 **pay the obligations and expenses of the district.**

21       **(b) The board by resolution may impose fees for the rental**  
22 **of water-oriented recreational equipment intended for use on a**  
23 **river in the district, including a canoe, tube, raft, boat, or**  
24 **kayak, or for the provision of shuttle service in, or into or out**  
25 **of, the district, including a service for river ingress and egress.**  
26 **The board may impose different fee rates for different types of**  
27 **rental equipment or services, except that a fee may not be imposed**

1 at a rate greater than \$3 per person:

2 (1) for each rental of water-oriented recreational  
3 equipment; or

4 (2) if the person does not rent equipment described by  
5 Subdivision (1), for each person using shuttle service.

6 (c) A fee imposed under this section is payable by the  
7 purchaser or consumer of the item or service subject to the fee  
8 except that if the person responsible for collecting the fee does  
9 not comply with this chapter by collecting and remitting the fee to  
10 the district, the person responsible for collecting the fee is  
11 liable for the fee.

12 (d) A person who does not hold a revenue permit issued by the  
13 board commits an offense if the person provides or offers for  
14 compensation a rental or service if the price paid for the rental or  
15 service is subject to a fee under this section. Each provision or  
16 offer for compensation of the rental or service is a separate  
17 offense. An offense under this subsection is a Class C misdemeanor,  
18 unless it is shown at the trial of the defendant that the defendant  
19 has previously been convicted of an offense under this subsection,  
20 in which case the offense is a Class B misdemeanor.

21 (e) A person who holds a revenue permit issued by the  
22 district shall collect the fees imposed under this section and  
23 shall report and remit the collected fees to the district as the  
24 district requires.

25 (f) If a revenue permit holder remits fees imposed under  
26 this section after the due date but on or before the 30th day after  
27 the due date, the revenue permit holder shall pay the district a

1 penalty of five percent of the amount of fees due. If the revenue  
2 permit holder remits the fees after the 30th day after the due date,  
3 the revenue permit holder shall pay the district a penalty of 10  
4 percent of the amount of fees due.

5 (g) Delinquent fees and accrued penalties draw interest at  
6 the rate of 10 percent a year beginning on the 60th day after the  
7 date the fees imposed under this section were due.

8 (h) If a revenue permit holder does not collect and remit a  
9 fee imposed under this section, the board may suspend, revoke, or  
10 cancel the holder's revenue permit and pursue any other remedy the  
11 district may have to collect the fee under civil or criminal law.

12 (i) The board may settle a claim for a penalty or interest  
13 accrued on a fee imposed under this section if the board finds that  
14 the revenue permit holder exercised reasonable diligence to comply  
15 with this chapter.

16 (j) In the same manner that this section applies to a person  
17 who provides or offers a rental or service for compensation in the  
18 district, this section applies to a person who resides or does  
19 business outside the district but:

20 (1) provides or offers a rental or service for  
21 compensation in the district; and

22 (2) regularly transports customers into or out of the  
23 district for river or parking access.

24 Sec. 324A.093. FEE EXEMPTION. The district may not collect  
25 a fee on a transaction between a person and an interest operated in  
26 the district by:

27 (1) the United States;



1           (2) a state park; or

2           (3) a nonprofit youth-oriented organization.

3           Sec. 324A.094. REVENUE BOND ELECTION. (a) Revenue bonds  
4 may not be issued by the district until authorized by a majority  
5 vote of the district's voters voting at an election called and held  
6 for that purpose.

7           (b) Not later than two years after the date the district is  
8 declared created under Section 324A.024, the board may order a bond  
9 election. Regardless of the requirements of Section 324A.047(b),  
10 the order is not effective unless approved by the commissioners  
11 court of each county in which the district is located. Except as  
12 provided by this section, the election shall be held in the manner  
13 provided by the Election Code.

14           (c) At the election, the ballot must be printed to provide  
15 for voting for or against the issuance of revenue bonds.

16           (d) If a majority of the votes cast at the election favor the  
17 issuance of the bonds, the bonds may be issued by the board. If a  
18 majority of the votes cast at the election do not favor issuance of  
19 the bonds, the bonds may not be issued.

20           Sec. 324A.095. REVENUE BONDS. (a) The district may issue  
21 not more than \$300,000 in revenue bonds and may issue the bonds only  
22 to provide funds for the initial operation of the district. The  
23 bonds must be approved at an election called under Section  
24 324A.094.

25           (b) The district may make the bonds payable out of any  
26 revenue of the district.

27           (c) The bonds must be:

1           (1) issued in the name of the district;  
2           (2) signed by the county judge of each county in which  
3 the district is located; and

4           (3) attested by the county clerk and ex officio clerk  
5 of the commissioners court of each county in which the district is  
6 located.

7           (d) The seal of the commissioners court of each county in  
8 which the district is located must be impressed on the bonds.

9           (e) The bonds must mature serially or otherwise in not more  
10 than 40 years and may be sold at a price and under terms determined  
11 by the board to be the most advantageous reasonably obtainable.

12           (f) The resolution authorizing the issuance of the bonds may  
13 contain provisions for redemption of the bonds before their  
14 respective maturity dates at prices and times prescribed in the  
15 resolution. Except for rights of redemption expressly reserved in  
16 the resolution and in the revenue bonds, the bonds are not subject  
17 to redemption before maturity.

18           (g) The bonds may be made payable at times and at places,  
19 inside or outside the state, prescribed in the resolution.

20           (h) The bonds may be made registrable as to principal or as  
21 to both principal and interest.

22           Sec. 324A.096. BOND ANTICIPATION NOTES. (a) If funds are  
23 not available to pay the principal of or interest on bonds issued by  
24 the district or to pay other obligations of the district, the board  
25 may declare an emergency and may issue negotiable bond anticipation  
26 notes to borrow the money needed. The bond anticipation notes may  
27 bear interest at a rate that does not exceed the maximum rate

1 provided by Chapter 1204, Government Code, and must mature within  
2 one year after their date of issuance.

3 (b) Bond anticipation notes may also be issued for any  
4 purpose for which bonds of the district have been voted or to refund  
5 previously issued bond anticipation notes.

6 (c) Bond anticipation notes issued under this section must  
7 be authorized by resolution of the board, subject to approval by the  
8 commissioners courts under Section 324A.047, and must be executed  
9 by the president of the board and attested by the secretary of the  
10 board.

11 Sec. 324A.097. REFUNDING BONDS. The district may issue  
12 refunding bonds under Chapter 1207, Government Code.

13 Sec. 324A.098. REPAYMENT OF BONDS THROUGH FEE REVENUE. (a)  
14 This section applies only to fees charged by the district while the  
15 district has outstanding bonds or interest.

16 (b) The board shall charge or require the payment of fees  
17 while the principal of or interest on district bonds is  
18 outstanding.

19 (c) The board shall set the fees in amounts that will yield  
20 revenues at least sufficient to pay district expenses, to comply  
21 with the covenants in the bond resolution, and to make payments  
22 prescribed by the bond resolution for debt service. "Debt  
23 service," as defined by the bond resolution, may include the  
24 payment of principal and interest as each matures, the  
25 establishment and maintenance of funds for extensions and  
26 improvements, an operating reserve, and an interest and sinking  
27 fund reserve.

1       Sec. 324A.099. FINANCIAL STATEMENT; BUDGET. (a) On or  
2 before February 1 of each year, the board shall prepare and file  
3 with the officer responsible for the county budget for each county  
4 in which the district is located a complete financial statement  
5 showing the financial status of the district and the district's  
6 properties, funds, and indebtedness.

7       (b) The financial statement must be prepared in accordance  
8 with standards adopted by the Governmental Accounting Standards  
9 Board and must show separately all information concerning:

10               (1) leases, promissory notes, and other indebtedness  
11 of the district; and

12               (2) fee revenue of the district.

13       (c) At the time the financial statement is filed, the board  
14 shall file with the commissioners court of each county in which the  
15 district is located a proposed budget of the board's needs for the  
16 next fiscal year. The proposed budget shall include items that:

17               (1) the board is unable to finance from the district's  
18 revenues; and

19               (2) the board requests purchase of with funds from  
20 that county.

21       (d) The officer responsible for the county budget for each  
22 county in which the district is located shall include the  
23 district's proposed budget on the calendar for the next regularly  
24 scheduled meeting of the commissioners court. As part of the  
25 county's tentative budget, the items certified by the board are  
26 subject to state law relating to county budgets.

27       (e) The county auditor of a county in which the district is

1 located, after consultation with or notification to the county  
2 auditor of the other county in which the district is located, may  
3 conduct a general audit and issue a financial statement of the  
4 district at times the auditor considers appropriate.

5 Sec. 324A.100. DISPOSITION OF REVENUE. A district may use  
6 district fee revenue and other revenue for any purpose authorized  
7 by this chapter or other law for the benefit of the district.

8 SUBCHAPTER F. ANNEXATION; INCORPORATION; DISSOLUTION

9 Sec. 324A.121. ANNEXATION. (a) The voters of an area that  
10 is contiguous to a district and is in a county election precinct  
11 that borders the San Marcos River may file a petition with the board  
12 to annex the area to the district.

13 (b) The petition must contain an accurate description of the  
14 area proposed for annexation by reference to county election  
15 precinct boundaries, by metes and bounds, by lot and block number if  
16 there is a recorded map or plat and survey of the area, or by other  
17 sufficient legal description.

18 (c) The petition must be signed by at least one percent of  
19 the registered voters in the area proposed for annexation.

20 (d) The board shall give notice of a hearing on the petition  
21 and hold a hearing in the manner prescribed by Section 324A.022 for  
22 a commissioners court hearing.

23 (e) After holding the hearing, the board may by order annex  
24 the area only if the board finds that the annexation promotes the  
25 purposes for which the district was created.

26 (f) If the board annexes territory into the district located  
27 in a county other than the counties in which the district was

1 located on the date of the district's creation, the commissioners  
2 court of the new county is not entitled to appoint members to the  
3 district's board, disapprove board actions, or otherwise  
4 participate in the governance of the district.

5 Sec. 324A.122. EFFECT OF INCORPORATION OR ANNEXATION. The  
6 incorporation of a political subdivision or the annexation of any  
7 part of a district by a political subdivision does not affect the  
8 district's boundaries.

9 Sec. 324A.123. DISANNEXATION. (a) The voters of or county  
10 commissioners for any area in a district may file a petition with  
11 the board to disannex the area from the district.

12 (b) The petition must contain an accurate description of the  
13 area proposed for disannexation by reference to county election  
14 precinct boundaries, by metes and bounds, by lot and block number if  
15 there is a recorded map or plat and survey of the area, or by other  
16 sufficient legal description.

17 (c) The petition must be signed by at least one percent of  
18 the registered voters in the area proposed for disannexation or by  
19 each county commissioner for the area proposed for disannexation.

20 (d) The board shall give notice of a hearing on the petition  
21 and hold a hearing in the manner prescribed by Section 324A.022 for  
22 a commissioners court hearing.

23 (e) The board may grant the petition and by order disannex  
24 the territory if the board finds that:

25 (1) the petition meets the requirements of this  
26 section;

27 (2) the district's projected revenue from all sources,

1 except from the area proposed for disannexation, is sufficient to  
2 pay the district's outstanding debts; and

3 (3) the disannexation is in the district's best  
4 interests.

5 (f) Except as provided by Section 324A.125(d), if the Parks  
6 and Wildlife Department creates a state park that includes  
7 territory in the district, the board shall by order disannex the  
8 overlapping territory from the district.

9 (g) The disannexation takes effect on the date stated by the  
10 order or, if the order does not state a date, on the date the order  
11 is issued.

12 Sec. 324A.124. DISSOLUTION OF DISTRICT BY COMMISSIONERS  
13 COURTS. (a) The commissioners courts of each county in which the  
14 district is located by joint order may dissolve the district. The  
15 order may be adopted:

16 (1) on a motion by a commissioners court; or

17 (2) after the filing of a written petition with each  
18 county in which the district is located signed by a number of the  
19 registered voters who reside in the district equal to at least 10  
20 percent of the votes received in the district in the most recent  
21 gubernatorial general election.

22 (b) Each commissioners court that receives a petition shall  
23 give notice of a hearing on the petition or motion and hold a  
24 hearing in the manner prescribed by Section 324A.022.

25 (c) The commissioners courts shall jointly grant a petition  
26 and order the dissolution of the district if the courts find that  
27 the petition, if any, meets the requirements of this section and

1 that the dissolution is in the best interests of the counties.

2 Sec. 324A.125. DISSOLUTION OF DISTRICT BY BOARD. (a) The  
3 board may by order dissolve the district. The order may be adopted:

4 (1) on the board's own motion; or

5 (2) after the filing of a written petition signed by a  
6 number of the registered voters who reside in the district equal to  
7 at least 10 percent of the votes received in the district in the  
8 most recent gubernatorial general election.

9 (b) The board shall give notice of a hearing on the petition  
10 or motion and hold a hearing in the manner prescribed by Section  
11 324A.022 for a commissioners court hearing.

12 (c) After the hearing, the board shall order the dissolution  
13 of the district if the board finds that the petition, if any, meets  
14 the requirements of this section and that the dissolution is in the  
15 best interests of the counties in which the district is located.

16 (d) The board shall by order dissolve the district if the  
17 Parks and Wildlife Department creates a state park that includes:

18 (1) all of the district's territory located in one of  
19 the counties in which the district is located; or

20 (2) all of the district's territory.

21 Sec. 324A.126. DISPOSITION OR TRANSFER OF DISTRICT ASSETS  
22 AND DEBTS. (a) If the district is dissolved, the board shall:

23 (1) transfer the assets of the district to both of the  
24 counties in which the district is located; or

25 (2) administer the assets and debts until all money  
26 has been disposed of and all district debts have been paid or  
27 settled.



1       **(b) If the district makes the transfer under Subsection**  
2       **(a)(1), the receiving counties assume the debts and obligations of**  
3       **the district at the time of the transfer, and the district is**  
4       **dissolved.**

5       **(c) If Subsection (a)(1) does not apply and the board**  
6       **administers the assets and debts of the district under Subsection**  
7       **(a)(2), the district is dissolved when all money has been disposed**  
8       **of and all district debts have been paid or settled.**

9                       **SUBCHAPTER Z. MISCELLANEOUS PROVISIONS**

10       **Sec. 324A.901. REQUIREMENTS FOR RENTAL OF WATER-ORIENTED**  
11       **RECREATIONAL EQUIPMENT. (a) This section applies only to the**  
12       **rental of water-oriented recreational equipment in a district.**

13       **(b) A person may rent water-oriented recreational equipment**  
14       **only if each person who will use the equipment is listed on a**  
15       **written agreement for the rental of that equipment.**

16       **SECTION 2.** This Act takes effect immediately if it receives  
17 a vote of two-thirds of all the members elected to each house, as  
18 provided by Section 39, Article III, Texas Constitution. If this  
19 Act does not receive the vote necessary for immediate effect, this  
20 Act takes effect September 1, 2015.