

COUNTY ECONOMIC DEVELOPMENT HANDBOOK

Prepared by the LEGAL DEPARTMENT
of the

TEXAS ASSOCIATION OF COUNTIES

1210 San Antonio
Austin, Texas 78701

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HONORABLE MARC HAMLIN, ASSOCIATION PRESIDENT 2007

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Legal Research Toll Free "Hot Line": (888)275-8224 Direct Fax: (512)478-3573
or visit our web site at www.county.org

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COUNTY ECONOMIC DEVELOPMENT

INTRODUCTION

During the last 20 years, the Texas Legislature has attempted to address the concerns of local governments about the lack of growth and development that is hampering many areas of the state. A number of statutes related to Economic Development were enacted by the 79th and 80th Legislatures in 2005 and 2007. Through constitutional amendments and legislative enactments, the legislature has authorized taxes, tax incentives, tax abatements, and the creation of zones and districts aimed at spurring economic development and increasing tourism throughout the state. Counties are among the local governmental entities that may use these revenue-generating and development-inducing alternatives.¹

This publication is intended to inform the reader of the programs and incentives available to counties generally.² It does not provide details on statutes that are relevant only to a very limited number of counties or to those laws applicable only to municipalities. This publication summarizes the major elements of each applicable statute. There is some overlap in the statutes. Therefore, a county considering the various avenues for economic development should closely consider the benefits and limitations of each statutory program.

¹ Some economic development legislation applies only to municipalities; a number of statutes apply only to counties of certain populations or geographic locations; and other statutes apply to most local political subdivisions.

² The Texas Attorney General's Office publishes a comprehensive Economic Development Handbook that is available on its website www.oag.state.tx.us

COUNTY ASSISTANCE DISTRICTS

- Authority:* Local Government Code, Chapter 387.
- Purpose:* To authorize creation of county assistance districts to perform various specified governmental functions including economic development and tourism. *Sec. 387.003(a)*. A district is a political subdivision of the state, and is governed by the commissioners court. *Secs. 387.004 and 387.005*.
- Applicability:* All counties.³ *Sec. 387.003*.
- Fund Source:* Sales and Use Tax.
- Procedure:* Creation of the district and the adoption of the sales and use tax requires confirmation by a majority of the voters voting at the election. *Sec. 387.003 (c)* The commissioners court must notify a municipality whose territory is included in the proposed district of the court's intent to create the district. An affected municipality may opt out of the proposed district. *Sec. 387.003 (b-1)*.
- Limitation:* A sales and use tax may not be adopted under Chapter 387 if the adoption would result in a combined tax rate of all local sales and use taxes of more than 2% in any location in the district. *Sec. 387.007(b)*.
- Tax rate:* The voters may approve a tax rate of 1/8, 1/4, 3/8, or 1/2 of one percent. *Sec. 387.009*. The repeal of the tax or change in the rate requires the approval of the voters. *Sec. 387.010*.

³ Before September 1, 2007 Chapter 387 permitted County Assistance Districts only in counties with a population less than 45,000.

Collection: The state comptroller collects and distributes the tax in accordance with Tax Code, Chapter 323. *Sec. 387.007.*

COUNTY DEVELOPMENT DISTRICTS⁴

Authority: Local Government Code, Chapter 383.

Purpose: To provide incentives for the location and development of projects that will attract visitors and tourists and that will result in employment and economic activity. *Sec. 383.002.*

Applicability: A county with population of 400,000 or less. *Sec. 383.021.*

Fund Source: Sales and use tax.

Procedure: The creation of a county development district must be requested by a petition signed by the holders of fee simple title to all of the land in the proposed district. *Sec. 383.022.*

After receipt of a valid petition and a public hearing at which the commissioners court finds that the creation of the district and the proposed project will attract visitors and tourists to the county, the court may create the district. The court may require the petitioner to pay the costs associated with the hearing and the election costs. *Secs. 383.023 – 383.027.*

Creation of the district and the adoption of the sales and use tax requires confirmation by a majority of the voters residing in the proposed district. *Secs. 383.030; 383.034; and 383.101.*

⁴ As of October, 2007 the state comptroller's office reported the creation of 6 county development districts. A listing of special purpose districts within each county is available at the comptroller's website – www.window.state.tx.us.

Tax Rate: The voters may approve a local sales and use tax of 1/4, 3/8 or 1/2 of one percent. *Sec. 383.103.* Increases or decreases in the rate are also subject to voter approval. *Sec. 383.104.* Adoption of a district sales and use tax does not count toward the limitation imposed on the county's sales and use tax under Chapter 323, Tax Code. *Sec. 383.101.*

Limitations: A district may not adopt the tax if it will result in a combined rate of all local sales and use taxes imposed by political subdivisions having territory in the district in excess of two percent. *Sec. 383.106.* The tax is automatically discontinued by operation of law if no tax revenue is collected within the district before the first anniversary of the date the tax took effect. *Sec. 383.104 (c).*

Powers: A district may sue and be sued; exercise the power of eminent domain (restrictions apply); issue bonds; and borrow money. *Chapter 383, Subchapter D.*

Collection: The state comptroller collects and distributes the tax in accordance with Tax Code, Chapter 323. *Sec. 383.102.*

HOTEL OCCUPANCY TAX⁵

Authority: Tax Code, Section 352.107.

Purpose: Same purposes as district sales and use tax. *Sec. 352.107.*

⁵ This section of the handbook refers only to a hotel occupancy tax collected in a county in which a county development district is created under Chapter 383 of the Local Government Code. For a comprehensive discussion on hotel occupancy taxes and a list of the counties that are authorized to collect the tax, the reader may wish to obtain a copy of the Hotel Occupancy Tax publication "What Counties Need to Know to Administer the Local Hotel Occupancy Tax" prepared by Mr. Scott Joslove on behalf of the Texas Hotel & Motel Association by calling him at 800/856-4328.

- Applicability:* A county with a population of less than 600,000 in which a county development district has been created under Local Government Code, Chapter 383.
- Fund Source:* County Hotel Occupancy Tax.
- Procedure:* Section 352.107 authorizes the county to impose the tax within the boundaries of the county development district. The commissioners court imposes the tax by order or resolution. *Tax Code, Sec. 352.001.*
- Tax Rate:* The tax may not exceed seven percent on the price paid for a hotel room located in the district's territory and not located within the corporate limits of a municipality. *Sec. 352.107.*
- Collection:* Tax is collected by the hotel operator and sent to the county. *Sec. 352.004.* The county must remit the tax to the county development district not later than the 10th day after the date the county receives the funds. *Sec. 352.107.*

COUNTY DEVELOPMENT PROGRAMS

- Authority:* Local Government Code, Chapter 381.
- Purpose:* To stimulate business and commercial activity and to advertise and promote the growth and development of the county. *Sec. 381.002.*
- Applicability:* All counties. *Sec. 381.002.*
- Funding Source:* County General Fund.
- Procedure:* On approval by the voters of the county, a board of development is created. The commissioners court appropriates money from the county's general revenue fund to a separate board of development fund. *Sec. 381.002 (a) and (b).*

Rate: Not to exceed five cents on the \$100 valuation. *Sec. 381.002 (a).*

Powers: The board submits an annual budget to the commissioners court. Subject to approval by the court, the board may expend funds to accomplish its purposes. *Sec. 381.002 (d) and (e).*

COUNTY INDUSTRIAL COMMISSION

Procedure: County judge appoints commission. *Sec. 381.001 (a).*

Power: Commission investigates and undertakes ways to promote business, industry, and commerce in the county. *Sec. 381.001(f).*

Fund: County pays commission's expenses from the County General Fund. *Sec. 381.001 (e).*

OTHER DEVELOPMENT PROGRAMS

Authority: Sec. 381.003 and 381.004.

Procedure: Commissioners court may administer or contract with another entity to administer commercial and economic development programs. *Secs. 381.003 and 381.004.*

Power: Commissioners court may participate in certain federally authorized development programs. Sec. 381.003. The court may develop programs to stimulate business activity, to make loans and grants, and to enter tax abatement agreements. *Sec. 381.004.*

REINVESTMENT ZONES – Chapter 311⁶

A. Tax Increments

- Authority:* Tax Code, Chapter 311.
- Purpose:* To promote development or redevelopment in an area that would not occur in the foreseeable future solely through private investment. *Sec. 311.003 (a).*
- Applicability:* A county by order or a municipality by ordinance may designate an area within its territory as a reinvestment zone under Chapter 311. *Sec. 311.003.* A reinvestment zone terminates on the earlier of: (1) the date designated in the order or ordinance creating the zone; or (2) the date on which all project costs, tax increment bonds, and interest on the bonds have been paid in full. *Sec. 311.017.* Once the zone is created, other taxing units with territory in the zone may agree to make payments into the tax increment fund. *Sec. 311.013(b) and (f).*
- Fund Source:* Tax Increment Fund.
- Procedure:* To designate a reinvestment zone, a county or municipality must find: (1) that the area meets the criteria in Sec. 311.005 (property is primarily nonresidential and substantially impairs the sound growth of the county or municipality); and (2) that improvements in the zone will significantly enhance the value of all the taxable real property in the zone.
- The county order or municipal ordinance designating the zone must create a board of directors and establish a tax increment fund for the zone. *Sec. 311.004 (a).* A taxing unit that levies taxes on real property in a reinvestment zone may make a loan to the board of directors for

⁶ Tax Increment Financing Act.

deposit in the tax increment fund under certain circumstances. *Sec. 311.014 (e)*

A taxing unit that levies taxes on real property located in a reinvestment zone *may but is not required to* agree to pay into the tax increment fund a portion of its tax increment produced from property located in the zone. *Sec. 311.013 (f)*.

Amount: A participating taxing unit pays into the fund a portion of its tax increment in accordance with the statutory formula. *Secs. 311.012 and 311.013 (b)*.

Powers: The county or municipality that created the zone may authorize the board of the reinvestment zone to exercise certain powers with respect to the administration, management, and operation of the zone. However, the board may not issue bonds; impose taxes or fees; or exercise the power of eminent domain. *Sec. 311.010 (a)*.

Collection: A taxing unit that agrees to pay into the tax increment fund follows its customary procedures to collect its taxes in the zone. *Sec. 311.013 (a)*. Payments into the fund are governed by Secs. 311.012 and 311.013 (b) – (e).

State Assistance: The State Comptroller may assist a county or municipality in the administration of Chapter 311. *Sec. 311.020*.

B. Tax Abatements

Authority: Tax Code, Sec. 311.0125.

Purpose: To promote development and redevelopment in the reinvestment zone.

Applicability: A taxing unit, other than a school district, that levies taxes in an area designated by a municipality as a reinvestment zone.

Fund source: Tax abatement.

Procedure: A taxing unit may enter an abatement agreement with the owner of *real or personal* property in the reinvestment zone, whether or not the taxing unit has agreed to pay tax increments into the tax increment fund. *Sec. 311.0125(a)*.

Amount: Determined by the taxing unit and the property owner.

Limitations: An abatement agreement on *real* property in the reinvestment zone must be approved by the board of directors of the zone and the governing body of each taxing unit that agrees to pay into the tax increment fund. *Sec. 311.0125 (b)*.

C. Tax Exemptions

Authority: Tax Code, Sec. 311.013 (g).

Purpose: To promote development and redevelopment.

Applicability: A taxing unit, other than a city. *Sec. 311.013 (g)*.

Fund Source: Tax Exemption.

Procedure: In lieu of agreeing to pay into the tax increment fund for a reinvestment zone designated by a municipality under Chapter 311, a taxing unit may offer the owners of taxable real property in the zone an exemption from taxation on all or part of the value of their property. *Sec. 311.013 (g)*.

Amount: To be determined by the taxing unit and the property owner.

Limitations: A taxing unit may not agree to exempt property in a reinvestment zone after the unit has entered into an agreement to pay into the tax increment fund. *Sec. 311.013 (g)*.

REINVESTMENT ZONES – Chapter 312⁷

A. Municipal Reinvestment Zone

Authority: Tax Code, Chapter 312

Purpose: To promote specific development and redevelopment in designated zones.

Applicability: A city may designate a reinvestment zone in the city's taxing jurisdiction or its extraterritorial jurisdiction. *Sec. 312.201 (a)*. A designation expires five years after its adoption and may be renewed for a period not to exceed five years. *Sec. 312.203*.

The designating entity and other taxing units with territory in the zone may enter tax abatement agreements with the property owners in the zone. *Sec. 312.206*.

Fund Source: Tax abatements.

Procedure: To designate a reinvestment zone under Chapter 312, a municipality must find that the area satisfies the requirements of Section 312.202. *Sec. 312.201*. Unlike a municipally-designated zone under Tax Code, Chapter 311, there is no tax increment fund or board of directors created in a Chapter 312 reinvestment zone.

Before adopting an ordinance designating the zone, the municipality must hold a hearing and notify each taxing unit that includes in its boundaries real property in the proposed zone. *Sec. 312.201 (d)*.

After creating a zone, the municipality may enter into tax abatement agreements with owners of real property in the zone, if the property is not already in an improvement project financed by tax increment bonds. Under an agreement, the city may exempt from taxation a portion of the value of real property or tangible personal property

⁷ Property Redevelopment and Tax Abatement Act.

located on the real property, if the property owner agrees to make specific improvements or repairs to the property. *Secs. 312.204; 312.205; and 312.211.*

A taxing unit, including a county, that adopts criteria under Section 312.002 may execute tax abatement agreements with a property owner. As a part of the criteria, the commissioners court may impose an application fee not to exceed \$1,000 on a person who requests a tax abatement. The term of an agreement may not extend beyond 10 years after the date the agreement is executed. *Secs. 312.208.*

The agreement entered by a taxing unit is not required to contain terms identical to those contained in the designating municipality's abatement agreements. *Sec. 312.206.* However, a pre-existing exemption agreement between a taxing unit and a property owner may not be superceded by a subsequent agreement under Chapter 312. *Sec. 312.206.*

Amount: The designating municipality and the other taxing units determine the amount of the tax abatement, if any, to be granted to a property owner under Chapter 312. *Secs. 312.204 and 312.206.*

Limitations: Unless extended by the legislature, Chapter 312 expires on September 1, 2009. *Sec. 312.006.* The expiration of Chapter 312 does not affect the validity of a reinvestment zone designated or a tax abatement agreement executed before the expiration of the chapter. The designation of an existing zone may not be renewed after the chapter expires. An existing agreement may be extended. An agreement entered after the expiration of the chapter may not be extended. *Sec. 320.001.*

B. County Reinvestment Zone

Authority: Tax Code, Chapter 312.

Purpose: To retain or expand primary employment or to attract major investment to benefit the property and contribute to the county's economic development. *Sec. 312.401 (b).*

Applicability: A county may designate a reinvestment zone in the county under Chapter 312. *Sec. 312.002.* The zone may not include area within the taxing jurisdiction of a municipality. *Sec 312.40 (a).*

A designation expires five years after its adoption and may be renewed for a period not to exceed five years. *Secs. 312.401 (c) and 312.204.*

The designating entity and other taxing units with territory within the zone may enter tax abatement agreements with the property owners and owners of a leasehold interest on property located in the zone. *Secs. 312.002 and 312.402.* The term of an agreement may not extend beyond 10 years after the date the agreement is executed. *Secs. 312.204 and 312.402.*

Fund Source: Tax abatements.

Procedure: To designate a reinvestment zone under Chapter 312, a county must find that the area satisfies the requirements of Section 312.401. *Secs. 312.002 and 312.202.* Before adopting an order creating the zone, the county must hold a hearing and notify each taxing unit that includes in its boundaries real property in the proposed zone. *Sec. 312.401 (b).*

After creating a zone, the county may enter into tax abatement agreements with owners of real property in the zone, if the property is not already in an improvement

project financed s by tax increment bonds. Under an agreement, the county may exempt from taxation a portion of the value of real property or tangible personal property located on the real property, if the property owner agrees to make specific improvements or repairs to the property. *Sec. 312.402.*

An affected taxing unit that adopts criteria under Section 312.002 may execute tax abatement agreements with a property owner. The agreement entered by a taxing unit is not required to contain terms identical to those contained in the designating county's abatement agreements. *Sec. 312.206.* However, a pre-existing exemption agreement between a taxing unit and a property owner may not be superceded by a subsequent agreement under Chapter 312. *Sec. 312.206.*

The commissioners court of a county that enters into a tax abatement agreement for the county under Chapter 312 may enter into a tax abatement agreement applicable to the same property on behalf of a taxing unit other than the county, if by statute the ad valorem tax rate of the other unit is approved by or levied by the court. *Sec. 312.004.*

A tax abatement agreement entered by a county on behalf of another taxing unit is not required to contain the same terms as an agreement entered on behalf of the county. *Sec. 312.004.*

Amount: The county and the other taxing units determine the amount of the tax abatement, if any, to be granted to a property owner under Chapter 312. *Secs. 312.204 and 312.206.*

Limitations: Unless extended by the legislature, Chapter 312 expires on September 1, 2009. *Sec. 312.006.* The expiration of Chapter 312 does not affect the validity of a reinvestment zone designated or a tax abatement agreement executed before the expiration of the chapter. The designation of

an existing zone may not be renewed after the chapter expires. An existing agreement may be extended. An agreement entered after the expiration of the chapter may not be extended. *Tax Code, Sec. 320.001.*

SPORTS AND COMMUNITY VENUES⁸

- Authority:* Local Government Code, Chapter 334.
- Purpose:* To promote economic development through the construction and renovation of facilities intended for use for sporting and other civic and charitable events and infrastructure related to the facilities. *Sec. 334.001.*⁹
- Applicability:* All counties and cities. Sec. 334.002. Certain conditions apply to the state's most populous county and city. *Secs. 334.002 and 334.006.*
- Fund Sources:* The sales and use tax; motor vehicle rental tax; admissions tax; event parking tax; additional hotel occupancy tax; facility use tax. A county or city that imposes a hotel occupancy tax may order an election on the question of approving the use of revenue derived from ad valorem taxes to finance a venue project. *Sec.334.0241.*
- Procedure:* City or county submits its resolution proposing one or more venue projects to the state comptroller for a determination of the impact of the proposed project on state revenues. In limited instances the city or county must also submit its resolution to an affected transit and transportation authority for its analysis of the project's

⁸ For information on existing venue projects in cities and counties under Chapter 334 contact the state comptroller's office.

⁹ Certain small counties without an incorporated city within their boundaries may provide for parks and recreation systems under Chapter 334. *Sec. 334.008.*

impact on the authority's tax rate. *Secs. 334.022 – 334.0236.*

Voter approval is required at an election on the proposed project or projects and on the taxing methods to be used to finance the project(s) as well as the tax rate(s) to be imposed. *Sec. 334.024.*

If one or more methods of financing have been approved by the voters, the county or city may order another election on the question of approving the use of revenue derived from one or more of the approved methods to finance a related venue project. The rate of the tax or the method of financing previously authorized by the voters may not be changed. *Sec. 334.0242.¹⁰*

For an approved project, the city or county shall establish a venue project fund with separate accounts within the fund for the various revenue sources. *Sec. 334.042*

Tax rates

Ad valorem tax

Revenue

The voters in a city or county that imposes a hotel occupancy tax may approve the use of property taxes in addition to other taxes to finance a particular venue project. The ballot proposition may provide for either a specific dollar amount or a percentage of tax revenue. *Sec. 334.0241*

Sales and use tax.

The voters may approve a local sales and use tax rate of 1/8, 1/4, 3/8 or 1/2 of one percent. An increase in the rate is also subject to voter approval. *Secs. 334.081 – 334.084.*

¹⁰ A county or city may not use revenue from a hotel occupancy tax for funding a related project under Sec. 334.0242. *Sec. 334.0242(e).*

Motor vehicle rental tax.

The voters may approve a short-term motor vehicle rental tax at a rate in increments of 1/8 of one percent, not to exceed five percent, on the gross rental receipts from the rental of motor vehicles in the city or county. An increase in the rate is also subject to voter approval. *Secs. 334.102 – 334.104.*¹¹

Admissions tax.

The voters may approve a tax on each ticket sold as admission to an event held in an approved venue project for which the taxing unit has issued bonds. *Sec. 334.151.* The rate may not exceed 10 percent of the price of the admission ticket. *Sec. 334.152.* An increase in the rate is also subject to voter approval. *Sec. 334.153.*

Parking tax.

The voters may approve a tax not to exceed \$3 on each motor vehicle parking in a parking facility of an approved venue project for a designated time period surrounding the time of a scheduled venue event. *Secs. 334.201 and 334.202 (b).* The tax may be a flat rate on each vehicle or a percentage of the amount charged by the parking facility owner or lessee. *Sec. 334.202 (a).* If the voters originally approved a tax amount less than the \$3 maximum, an increase requires voter approval. *Sec. 334.203.*

Hotel occupancy tax.

The voters may approve a tax at a rate not to exceed two percent of the price paid for a room in a hotel in the political subdivision. *Secs. 334.252 and 334.254.* If the voters originally approved a tax amount less than the maximum, an increase requires voter approval. *Sec. 334.255.* The authority to impose a hotel occupancy tax under Chapter 334 applies to any county with an approved venue project, notwithstanding the county's ineligibility to impose a hotel occupancy tax under the

¹¹ A county of more than 2 million that is adjacent to a county of more than 1 million may impose a tax not to exceed 6%.

county hotel occupancy tax prescribed by Tax Code, Chapter 352. *Sec. 334.253 (c)*.¹²

Facility use tax. The voters may approve a facility use tax on each member of a major league team that plays a professional sports game in an approved venue project for which the taxing unit has issued bonds for the project. The tax rate is imposed on each member of the team for each game the member plays at the approved venue. *Secs. 334.302 and 334.303*. The maximum rate of the tax is \$5,000 for each game. If the voters originally approved a tax amount less than the maximum, an increase requires voter approval. *Sec. 334.403*.

Livestock

Facility use tax. The voters may approve a livestock facility use tax on each stall or pen that is used or occupied for a rodeo, livestock show, agricultural exposition, or similar event at a designated facility for which the taxing unit has issued bonds or other obligations. *Sec. 334.403*. The authority to impose the tax applies to a county in which the majority of the population of two or more cities with a population of a least 300,000 are located and to a city for which the majority of the population is located in such a county. *Sec. 334.402*. The tax is imposed on each stall or pen used in the designated facility at a uniform amount not to exceed \$20 for each event. *Sec. 334.404*. An increase in the rate may not be imposed without voter approval. *Sec. 334.405*. The taxing unit may exempt from the tax stalls or pens used at a county junior livestock show. *Sec. 334.406*. The tax is a debt owed to the facility owner or lessee, who must collect and deliver the tax for the benefit of the taxing unit. *Secs. 334.407 and 334.409*.

¹² A county of more than 2 million that is adjacent to a county more than 1 million may impose a tax not to exceed 3%.

Limitations: Revenue derived from a method of financing under Chapter 334 may not be used for a venue acquired under other law to demolish the venue and construct a new one. *Sec. 334.003(b.)*

Ad valorem taxes may not be used to construct, operate, maintain, or renovate a venue that is part of an approved venue project unless it is a venue authorized under Sec. 334.001(4)(D) or it is in a county or city that imposes a hotel occupancy tax and for which the use of ad valorem taxes to finance a venue project is approved at an election held under Sec. 334.0241. *Sec. 334.041 (f).*

If the adoption of a *sales and use tax* under Chapter 334 would cause the combined rate of all sales and use taxes in the territory shared with certain designated political subdivisions to exceed two percent, the tax rate of the designated subdivision is reduced accordingly. *Secs. 334.085 and 334.0855.*

A municipality or county may not impose a *hotel occupancy tax* unless the taxing unit issues bonds or other obligations for the venue project before the first anniversary of the date the tax is imposed. The tax may be imposed only while the bonds or other obligations are outstanding and unpaid. *Sec. 334.257 (b).*

Powers: A city or county may perform any act under its powers necessary to accomplish the purposes of Chapter 334, including acquisition and disposition of property, executing contracts with public or private persons, and issuing bonds. *Sec. 334, Subchapter C.*

Collection: The collection duties for the various revenues authorized by Chapter 334 are specifically prescribed in the chapter. *Secs. 334.082; 334.113; 334.1135; 334.114; 334.154; 334.204; 334.253; 334.305; and 334.409.*

SPORTS AND COMMUNITY VENUE DISTRICTS

- Authority:* Local Government Code, Chapter 335.
- Purpose:* To promote economic development through the construction and renovation of facilities intended for use for sporting and other civic and charitable events and infrastructure related to the facilities.
- Applicability:* All counties and cities. *Sec. 335.021.* This chapter authorizes any combination of counties, or cities, or both to create a venue district to perform the duties that a city or county acting alone may perform under Chapter 334. *Sec. 335.021.*
- This chapter permits multiple jurisdictions to jointly create a venue district designed to benefit the affected area. Less populous counties and cities for which creation of a venue is not feasible under Chapter 334 may form a district under Chapter 335 to achieve the same results.
- Fund Sources:* The sales and use tax; motor vehicle rental tax; admissions tax; event parking tax; additional hotel occupancy tax; and facility use tax authorized by Chapter 334.
- In addition, a political subdivision that creates a venue district may contribute or dedicate to the district all or a part of the political subdivision's sales and use tax revenue from a business operating in an approved venue project, if the political subdivision determines that the venue project will contribute to the economic, cultural, or recreational development of the residents of the political subdivision. *Sec. 335.075.*
- Procedure:* The participating cities and counties create a venue district by adopting concurrent orders. *Sec. 335.022.* The participating entities define the boundaries of the district to be coextensive with the boundaries of each

political subdivision and determine the number and method of appointment of the district directors. Secs. 335.022 and 335.031 – 335.034.

A district submits its resolution proposing one or more venue projects to the state comptroller for a determination of the impact of the proposed project on state revenues. *Sec. 335.052.* In limited instances, a district must also submit its resolution to an affected transit and transportation authority for its analysis of the project's impact on the authority's tax rate. *Sec. 335.0535.*

Voter approval is required at an election on the proposed project or projects and on the taxing methods to be used to finance the project(s) as well as the tax rate(s) to be imposed. *Sec. 335.054.*

For an approved project, the district shall establish a venue project fund with separate accounts within the fund for the various revenue sources. *Sec. 335.072.*

Tax rates: The district may impose any tax that a city or county may impose under Chapter 334, subject to the approval of the voters in the district. The district shall impose an approved tax in the same manner as a city or county under Chapter 334. *Sec. 335.071 (e).*

Limitations: A district may not impose an ad valorem tax. *Sec. 335.071 (f).*

Powers: A district may perform any act under its powers necessary to accomplish the purposes of Chapter 335, including the authority to accept gifts, acquire and dispose of property, execute contracts with public or private persons, exercise the power of eminent domain, and to issue bonds. *Secs. 335.071 and 335.073.*

Collection: The collection duties for the various revenues authorized by Chapter 335 are the same as those prescribed in Chapter 334 for a city or county.