

COMPARATIVE ANALYSES OF ECONOMIC DEVELOPMENT “DISTRICTS”

Shupe Ventura, PLLC
500 Main Street, Suite 800
Fort Worth, Texas 76102
www.svlandlaw.com
ike.shupe@svlandlaw.com
misty.ventura@svlandlaw.com
817-405-9936
214-328-1101
Revised February 26, 2020

Overview of Selected “Special District” Economic Development Tools

	AVAILABLE REVENUE SOURCES FOR ECONOMIC DEVELOPMENT			NEW OR EXISTING REVENUE		TIMING OF REVENUE		POLITICAL SUBDIVISION?
	AD VALOREM PROPERTY TAX	SALES AND USE TAX	SPECIAL ASSESSMENTS	NEW REVENUE	EXISTING REVENUE	PRE DEVELOPMENT FUNDING	REIMBURSEMENT FUNDING	
Municipal Utility Districts Art XVI, Sec 59; WC Chp 54	√			√			√	Yes , subject to open meetings and open records; TCEQ bond approval.
Fresh Water Supply Districts Art XVI, Sec 59; WC Chp 53	√			√			√	Yes , subject to open meetings and open records; TCEQ bond approval.
Water Control and Improvement Districts Art XVI, Sec 59; Art III, Sec 52; WC Chp 51	√			√			√	Yes , subject to open meetings and open records; TCEQ bond approval.
Municipal Management Districts Art XVI, Sec 59; Art III, Sec 52; LGC Chp 375	√		√	√			√	Yes , subject to open meetings and open records; TCEQ bond approval.
<u>LEGISLATIVE DISTRICTS</u>	√	√	√	√		√ Bonds exempt from TCEQ review.	√	Yes , subject to open meetings and open records; TCEQ bond approval (<u>generally city-controlled if MMDs, including the board, a finance plan, and bonds</u>).
Public Improvement Districts LGC Chp 372			√	√		√	√	No ; an area designated and controlled by the governing body of a city or county.
Economic Development Corporations (4A & 4B) LGC Chps 504, 505		√		√	√	√	√	No ; non-profit corporations that act on behalf of and with the approval of the governing body of a city.
Tax Increment Financing TC Chp 311	√	√			√		√	No ; a "zone" designated and controlled by the governing body of a city.
Tax Abatements TC Chp 312	√				√		√	No ; a "zone" designated and controlled by the governing body of a city.
380/381 Economic Development Agreements Art III, 52-a; LGC Chp 380; LGC Chp 381	√ Annual Appropriation	√ Multi-Year			√		√	No ; agreements entered into between a developer and a city or county, including performance standards and a "clawback."

Comparative Analysis of Consents to Creation

	PETITION	REQUIRED CONSENTS				CREATED BY	STANDARD FOR CREATION
		In-City	ETJ	County (including ETJ)	ISD		
Municipal Utility District (MUD) Art XVI, 59; WC Chp 54	Yes, TCEQ	City	City consent or deemed consent LGC 42.042 WC 54.016	WC 54.0161 30 TAC Chp 55 Rule 55.203	N/A	TCEQ	The district is feasible, practicable and necessary and will benefit the land. 54.021 After the petition is filed, the Commission shall notify the Commissioners Court which may review the petition. Petitioners shall submit to the Court any relevant information requested by the Court. If the Court votes to submit information to the Commission or make a recommendation, the Court shall submit to the Commission a written opinion stating whether the Court recommends the creation of the district and any findings, conclusions, and other information that the Court thinks would assist the Commission in making a final determination on the petition. The Commission shall consider the written opinion submitted by the Court. 54.0161
Fresh Water Supply District (FWSD) Art XVI, 59; WC Chp 53	Yes, County	City	City consent or deemed consent LGC 42.042	County	N/A	County Commissioners	The petition is sufficient, including the necessity and feasibility of the district. 53.079; 53.014
Water Control and Improvement District (WCID) Art XVI, 59; Art III, 52; WC Chp 51	Yes, County or TECQ	City	City consent or deemed consent LGC 42.042	County if water one county; N/A if TCEQ created.	N/A	County Commissioners if water only one county; TCEQ if water two or more counties; TCEQ if sewer/drainage	The petition shall be granted if (1) the district is feasible and practicable, (2) the land and residents will be benefited, (3) there is a public necessity or need, and (4) the creation will further the public welfare. 51.021
Municipal Management District (MMD) Art XVI, 59; Art III, 52; LGC Chp 375	Yes, TCEQ	City	City consent or deemed consent LGC 42.042	WC 54.0161 30 TAC Chp 55 Rule 55.203?	N/A	TCEQ (according to the Senate IGR 2010 Interim Report, only one MMD has been administratively created)	The district is feasible and necessary and would benefit the public, taking into consideration (1) the availability of comparable services from other systems (including special districts, municipalities, and regional authorities) and (2) the reasonableness of the proposed public purpose projects and services. 375.025
LEGISLATIVE DISTRICT	N/A	CITY	CITY AND COUNTY	COUNTY (and CITY?)	ISD?	SPECIAL ACT OF LEGISLATURE	SPONSORED BY HOUSE/SENATE REPS; SUPPORT FROM THE CITY, COUNTY, AND ISD.
Public Improvement District (PID) LGC Chp 372	Yes, City ----- Yes, County	City ----- Home Rule	City ----- Home Rule	N/A ----- County	N/A	City Council ----- Commissioners	The proposed public improvement projects are advisable. 372.006; 372.010

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](https://utcle.org/elibrary)

Title search: Comparative Analyses of Economic Development
"Districts"

Also available as part of the eCourse
[2020 Land Use eConference](#)

First appeared as part of the conference materials for the
24th Annual Land Use Conference session
"Financing and Special Districts Panel"