

1 AN ACT

2 relating to the creation of the Fannin Farms Municipal Utility  
3 District of Fannin County; granting a limited power of eminent  
4 domain; providing authority to issue bonds; providing authority to  
5 impose assessments, fees, and taxes.

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

7 SECTION 1. Subtitle F, Title 6, Special District Local Laws  
8 Code, is amended by adding Chapter 8002A to read as follows:

9 CHAPTER 8002A. FANNIN FARMS MUNICIPAL UTILITY DISTRICT OF FANNIN  
10 COUNTY

11 SUBCHAPTER A. GENERAL PROVISIONS

12 Sec. 8002A.0101. DEFINITIONS. In this chapter:

13 (1) "Board" means the district's board of directors.

14 (2) "Commission" means the Texas Commission on  
15 Environmental Quality.

16 (3) "Director" means a board member.

17 (4) "District" means the Fannin Farms Municipal  
18 Utility District of Fannin County.

19 Sec. 8002A.0102. NATURE OF DISTRICT. The district is a  
20 municipal utility district created under Section 59, Article XVI,  
21 Texas Constitution.

22 Sec. 8002A.0103. CONFIRMATION AND DIRECTORS' ELECTION  
23 REQUIRED. The temporary directors shall hold an election to  
24 confirm the creation of the district and to elect five permanent

1 directors as provided by Section 49.102, Water Code.

2 Sec. 8002A.0104. CONSENT OF MUNICIPALITY REQUIRED. The  
3 temporary directors may not hold an election under Section  
4 8002A.0103 until each municipality in whose corporate limits or  
5 extraterritorial jurisdiction the district is located has  
6 consented by ordinance or resolution to the creation of the  
7 district and to the inclusion of land in the district as required by  
8 applicable law.

9 Sec. 8002A.0105. FINDINGS OF PUBLIC PURPOSE AND BENEFIT.

10 (a) The district is created to serve a public purpose and benefit.

11 (b) The district is created to accomplish the purposes of:

12 (1) a municipal utility district as provided by  
13 general law and Section 59, Article XVI, Texas Constitution; and

14 (2) Section 52, Article III, Texas Constitution, that  
15 relate to the construction, acquisition, improvement, operation,  
16 or maintenance of macadamized, graveled, or paved roads, or  
17 improvements, including storm drainage, in aid of those roads.

18 Sec. 8002A.0106. INITIAL DISTRICT TERRITORY. (a) The  
19 district is initially composed of the territory described by  
20 Section 2 of the Act enacting this chapter.

21 (b) The boundaries and field notes contained in Section 2 of  
22 the Act enacting this chapter form a closure. A mistake made in the  
23 field notes or in copying the field notes in the legislative process  
24 does not affect the district's:

25 (1) organization, existence, or validity;

26 (2) right to issue any type of bond for the purposes  
27 for which the district is created or to pay the principal of and

1 interest on a bond;

2 (3) right to impose a tax; or

3 (4) legality or operation.

4 SUBCHAPTER B. BOARD OF DIRECTORS

5 Sec. 8002A.0201. GOVERNING BODY; TERMS. (a) The district  
6 is governed by a board of five elected directors.

7 (b) Except as provided by Section 8002A.0202, directors  
8 serve staggered four-year terms.

9 Sec. 8002A.0202. TEMPORARY DIRECTORS. (a) The temporary  
10 board consists of:

11 (1) Jamie Johnson;

12 (2) Jonathan Ferreira;

13 (3) Jared Brown;

14 (4) Brett McDonald; and

15 (5) Helen Mullen.

16 (b) Temporary directors serve until the earlier of:

17 (1) the date permanent directors are elected under  
18 Section 8002A.0103; or

19 (2) the fourth anniversary of the effective date of  
20 the Act enacting this chapter.

21 (c) If permanent directors have not been elected under  
22 Section 8002A.0103 and the terms of the temporary directors have  
23 expired, successor temporary directors shall be appointed or  
24 reappointed as provided by Subsection (d) to serve terms that  
25 expire on the earlier of:

26 (1) the date permanent directors are elected under  
27 Section 8002A.0103; or

1           (2) the fourth anniversary of the date of the  
2 appointment or reappointment.

3           (d) If Subsection (c) applies, the owner or owners of a  
4 majority of the assessed value of the real property in the district  
5 may submit a petition to the commission requesting that the  
6 commission appoint as successor temporary directors the five  
7 persons named in the petition. The commission shall appoint as  
8 successor temporary directors the five persons named in the  
9 petition.

10                           SUBCHAPTER C. POWERS AND DUTIES

11           Sec. 8002A.0301. GENERAL POWERS AND DUTIES. The district  
12 has the powers and duties necessary to accomplish the purposes for  
13 which the district is created.

14           Sec. 8002A.0302. MUNICIPAL UTILITY DISTRICT POWERS AND  
15 DUTIES. The district has the powers and duties provided by the  
16 general law of this state, including Chapters 49 and 54, Water Code,  
17 applicable to municipal utility districts created under Section 59,  
18 Article XVI, Texas Constitution.

19           Sec. 8002A.0303. AUTHORITY FOR ROAD PROJECTS. Under  
20 Section 52, Article III, Texas Constitution, the district may  
21 design, acquire, construct, finance, issue bonds for, improve,  
22 operate, maintain, and convey to this state, a county, or a  
23 municipality for operation and maintenance macadamized, graveled,  
24 or paved roads, or improvements, including storm drainage, in aid  
25 of those roads.

26           Sec. 8002A.0304. ROAD STANDARDS AND REQUIREMENTS. (a) A  
27 road project must meet all applicable construction standards,

1 zoning and subdivision requirements, and regulations of each  
2 municipality in whose corporate limits or extraterritorial  
3 jurisdiction the road project is located.

4 (b) If a road project is not located in the corporate limits  
5 or extraterritorial jurisdiction of a municipality, the road  
6 project must meet all applicable construction standards,  
7 subdivision requirements, and regulations of each county in which  
8 the road project is located.

9 (c) If the state will maintain and operate the road, the  
10 Texas Transportation Commission must approve the plans and  
11 specifications of the road project.

12 Sec. 8002A.0305. COMPLIANCE WITH MUNICIPAL CONSENT  
13 ORDINANCE OR RESOLUTION. The district shall comply with all  
14 applicable requirements of any ordinance or resolution that is  
15 adopted under Section 54.016 or 54.0165, Water Code, and that  
16 consents to the creation of the district or to the inclusion of land  
17 in the district.

18 Sec. 8002A.0306. DIVISION OF DISTRICT. (a) The board, on  
19 its own motion or on receipt of a petition signed by the owner or  
20 owners of a majority of the assessed value of the real property in  
21 the district, may adopt an order dividing the district.

22 (b) An order dividing a district may create one or more new  
23 districts and may provide for the continuation of the district.

24 (c) An order dividing the district shall:

25 (1) name any new district;

26 (2) include the metes and bounds description of the  
27 territory of each of the districts;

1           (3) appoint temporary directors for any new district;

2 and

3           (4) provide for the division of assets and liabilities  
4 between the districts.

5           (d) The board may adopt an order dividing the district  
6 before or after the date the board holds an election to confirm the  
7 district's creation.

8           (e) The district may be divided only if the district:

9                 (1) has no outstanding bonded debt; and

10                (2) is not imposing ad valorem taxes.

11           (f) A new district created by the division of the district  
12 may not, at the time the new district is created, contain any land  
13 outside the area described by Section 2 of the Act enacting this  
14 chapter.

15           (g) On or before the 30th day after the date of adoption of  
16 an order dividing the district, the district shall file the order  
17 with the commission and record the order in the real property  
18 records of each county in which the district is located.

19           (h) This chapter applies to any new district created by the  
20 division of the district, and a new district has all the powers and  
21 duties of the district.

22           (i) A new district created by the division of the district  
23 shall hold a confirmation and directors' election.

24           (j) If the creation of the new district is confirmed, the  
25 new district shall provide the election date and results to the  
26 commission.

27           (k) A new district created by the division of the district

1 must hold an election as required by this chapter to obtain voter  
2 approval before the district may impose a maintenance tax or issue  
3 bonds payable wholly or partly from ad valorem taxes.

4 (1) The district may continue to rely on confirmation,  
5 directors', bond, or tax elections held prior to the division.

6 (m) Municipal consent to the creation of the district and to  
7 the inclusion of land in the district acts as municipal consent to  
8 the creation of any new district created by the division of the  
9 district and to the inclusion of land in the new district.

10 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

11 Sec. 8002A.0401. ELECTIONS REGARDING TAXES OR BONDS. (a)

12 The district may issue, without an election, bonds and other  
13 obligations secured by:

14 (1) revenue other than ad valorem taxes; or

15 (2) contract payments described by Section  
16 8002A.0403.

17 (b) The district must hold an election in the manner  
18 provided by Chapters 49 and 54, Water Code, to obtain voter approval  
19 before the district may impose an ad valorem tax or issue bonds  
20 payable from ad valorem taxes.

21 (c) The district may not issue bonds payable from ad valorem  
22 taxes to finance a road project unless the issuance is approved by a  
23 vote of a two-thirds majority of the district voters voting at an  
24 election held for that purpose.

25 Sec. 8002A.0402. OPERATION AND MAINTENANCE TAX. (a) If  
26 authorized at an election held under Section 8002A.0401, the  
27 district may impose an operation and maintenance tax on taxable

1 property in the district in accordance with Section 49.107, Water  
2 Code.

3 (b) The board shall determine the tax rate. The rate may not  
4 exceed the rate approved at the election.

5 Sec. 8002A.0403. CONTRACT TAXES. (a) In accordance with  
6 Section 49.108, Water Code, the district may impose a tax other than  
7 an operation and maintenance tax and use the revenue derived from  
8 the tax to make payments under a contract after the provisions of  
9 the contract have been approved by a majority of the district voters  
10 voting at an election held for that purpose.

11 (b) A contract approved by the district voters may contain a  
12 provision stating that the contract may be modified or amended by  
13 the board without further voter approval.

14 SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

15 Sec. 8002A.0501. AUTHORITY TO ISSUE BONDS AND OTHER  
16 OBLIGATIONS. The district may issue bonds or other obligations  
17 payable wholly or partly from ad valorem taxes, impact fees,  
18 revenue, contract payments, grants, or other district money, or any  
19 combination of those sources, to pay for any authorized district  
20 purpose.

21 Sec. 8002A.0502. TAXES FOR BONDS. At the time the district  
22 issues bonds payable wholly or partly from ad valorem taxes, the  
23 board shall provide for the annual imposition of a continuing  
24 direct ad valorem tax, without limit as to rate or amount, while all  
25 or part of the bonds are outstanding as required and in the manner  
26 provided by Sections 54.601 and 54.602, Water Code.

27 Sec. 8002A.0503. BONDS FOR ROAD PROJECTS. At the time of



1 issuance, the total principal amount of bonds or other obligations  
2 issued or incurred to finance road projects and payable from ad  
3 valorem taxes may not exceed one-fourth of the assessed value of the  
4 real property in the district.

5 SECTION 2. The Fannin Farms Municipal Utility District of  
6 Fannin County initially includes all the territory contained in the  
7 following area:

8 BEING a 103.805 acres tract of land out of the L. LEONARD SURVEY,  
9 ABSTRACT No. 669, Fannin County, Texas; being the remainder of that  
10 certain tract described in Volume 1494, Page 383, Real Property  
11 Records, Fannin County, Texas; and being further described by metes  
12 and bounds as follows:

13 The following Bearings, Distances, and/or Areas derived from GNSS  
14 observations performed by Texas Surveying, Inc. and reflect N.A.D.  
15 1983, Texas State Plane Coordinate System, North Central Zone 4202  
16 (GRID).

17 BEGINNING at a found 1/2" iron rod in the centerline of County Road  
18 No. 4940, same being at the southeast corner of said Volume 1494,  
19 Page 383 tract, for the southeast and beginning corner of this  
20 tract.

21 THENCE S 89°45'32" W 2695.19 feet along the south line of said Volume  
22 1494, Page 383 tract to a set 1/2" iron rod with blue plastic cap  
23 stamped "TEXAS SURVEYING INC" in the east line of Parcel A described  
24 in Volume 1804, Page 477, R.P.R.F.C.T., for the southwest corner of  
25 this tract.

26 THENCE N 01°18'16" E 797.55 feet along the east line of said Parcel A  
27 to a set 1/2" iron rod with blue plastic cap stamped "TEXAS

1 SURVEYING INC", for a corner of this tract.  
2 THENCE N 00°31'48" E 1023.20 feet to a point in the occupied north  
3 line of County Road No. 4941, for the northwest corner of this  
4 tract.  
5 THENCE N 89°34'33" E 929.85 feet along said north line of County Road  
6 No. 4941 to a point, for a corner of this tract.  
7 THENCE N 89°53'29" E 1310.55 feet along said north line of County  
8 Road No. 4941 to a found 1/2" capped iron rod, for the northerly  
9 northeast corner of this tract.  
10 THENCE S 02°20'47" W 226.02 feet to a 8" wood fence post, for an ell  
11 corner of this tract.  
12 THENCE S 88°36'58" E 443.71 feet pass a 10" wood fence post in the  
13 occupied west line of said County Road 4940 to a found 1/2" iron rod  
14 in said centerline of County Road No. 4940, for the easterly  
15 northeast corner of this tract.  
16 THENCE S 00°15'32" W 590.38 feet along said centerline of County  
17 Road No. 4940 to a point at the easterly northeast corner of that  
18 called 6.000 acres tract described in Volume 1766, Page 18,  
19 R.P.R.F.C.T., for a corner of this tract.  
20 THENCE along the north, west, and south lines of said 6.000 acres  
21 tract as follows:  
22 N 60°43'24" W at 15.93 feet pass a found 1/2" iron rod, for a total  
23 distance of 432.50 feet to a found 1/2" iron rod, for a corner of  
24 this tract.  
25 S 89°27'22" W 271.21 feet to a found 1/2" capped iron rod, for a  
26 corner of this tract.  
27 S 00°00'16" E 464.40 feet to a found 1/2" iron rod, for a corner of

1 this tract.

2 S 89°57'30" E at 620.50 feet pass a found 1/2" capped iron rod, for a  
3 total distance of 647.27 feet to a point in said centerline of  
4 County Road No. 4940, for a corner of this tract.

5 THENCE S 00°15'32" W 735.68 feet along said centerline of County  
6 Road No. 4940 to the POINT OF BEGINNING.

7 SECTION 3. (a) The legal notice of the intention to  
8 introduce this Act, setting forth the general substance of this  
9 Act, has been published as provided by law, and the notice and a  
10 copy of this Act have been furnished to all persons, agencies,  
11 officials, or entities to which they are required to be furnished  
12 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
13 Government Code.

14 (b) The governor, one of the required recipients, has  
15 submitted the notice and Act to the Texas Commission on  
16 Environmental Quality.

17 (c) The Texas Commission on Environmental Quality has filed  
18 its recommendations relating to this Act with the governor, the  
19 lieutenant governor, and the speaker of the house of  
20 representatives within the required time.

21 (d) All requirements of the constitution and laws of this  
22 state and the rules and procedures of the legislature with respect  
23 to the notice, introduction, and passage of this Act are fulfilled  
24 and accomplished.

25 SECTION 4. (a) If this Act does not receive a two-thirds  
26 vote of all the members elected to each house, Subchapter C, Chapter  
27 8002A, Special District Local Laws Code, as added by Section 1 of

1 this Act, is amended by adding Section 8002A.0307 to read as  
2 follows:

3 Sec. 8002A.0307. NO EMINENT DOMAIN POWER. The district may  
4 not exercise the power of eminent domain.

5 (b) This section is not intended to be an expression of a  
6 legislative interpretation of the requirements of Section 17(c),  
7 Article I, Texas Constitution.

8 SECTION 5. This Act takes effect immediately if it receives  
9 a vote of two-thirds of all the members elected to each house, as  
10 provided by Section 39, Article III, Texas Constitution. If this  
11 Act does not receive the vote necessary for immediate effect, this  
12 Act takes effect September 1, 2023.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 5377 was passed by the House on May 12, 2023, by the following vote: Yeas 102, Nays 38, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 5377 was passed by the Senate on May 24, 2023, by the following vote: Yeas 28, Nays 2, 1 present, not voting.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor