

By: Schwertner

S.B. No. 2602

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Sandow Municipal Utility District No. 1; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.

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

SECTION 1. Subtitle F, Title 6, Special District Local Laws Code, is amended by adding Chapter 7986A to read as follows:

CHAPTER 7986A. SANDOW MUNICIPAL UTILITY DISTRICT NO. 1

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 7986A.0101. DEFINITIONS. In this chapter:

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

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

(3) "Director" means a board member.

(4) "District" means the Sandow Municipal Utility District No. 1.

Sec. 7986A.0102. NATURE OF DISTRICT. The district is a municipal utility district created under Section 59, Article XVI, Texas Constitution.

Sec. 7986A.0103. CONFIRMATION AND DIRECTOR ELECTION REQUIRED. The temporary directors shall hold an election to confirm the creation of the district and to elect five permanent directors as provided by Section 49.102, Water Code.

1       Sec. 7986A.0104. CONSENT OF MUNICIPALITY REQUIRED. The  
2 temporary directors may not hold an election under Section  
3 7986A.0103 until each municipality in whose corporate limits or  
4 extraterritorial jurisdiction the district is located has  
5 consented by ordinance or resolution to the creation of the  
6 district and to the inclusion of land in the district as required by  
7 applicable law.

8       Sec. 7986A.0105. FINDINGS OF PUBLIC PURPOSE AND BENEFIT.

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

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

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

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

17       Sec. 7986A.0106. INITIAL DISTRICT TERRITORY. (a) The  
18 district is initially composed of the territory described by  
19 Section 2 of the Act enacting this chapter.

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

24               (1) organization, existence, or validity;

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

1           (3) right to impose a tax; or

2           (4) legality or operation.

3                   SUBCHAPTER B. BOARD OF DIRECTORS

4           Sec. 7986A.0201. GOVERNING BODY; TERMS. (a) The district  
5 is governed by a board of five elected directors.

6           (b) Except as provided by Section 7986A.0202, directors  
7 serve staggered four-year terms.

8           Sec. 7986A.0202. TEMPORARY DIRECTORS. (a) On or after the  
9 effective date of the Act enacting this chapter, the owner or owners  
10 of a majority of the assessed value of the real property in the  
11 district may submit a petition to the commission requesting that  
12 the commission appoint as temporary directors the five persons  
13 named in the petition. The commission shall appoint as temporary  
14 directors the five persons named in the petition.

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

16                   (1) the date permanent directors are elected under  
17 Section 7986A.0103; or

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

20           (c) If permanent directors have not been elected under  
21 Section 7986A.0103 and the terms of the temporary directors have  
22 expired, successor temporary directors shall be appointed or  
23 reappointed as provided by Subsection (d) to serve terms that  
24 expire on the earlier of:

25                   (1) the date permanent directors are elected under  
26 Section 7986A.0103; or

27                   (2) the fourth anniversary of the date of the

1 appointment or reappointment.

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

9 SUBCHAPTER C. POWERS AND DUTIES

10 Sec. 7986A.0301. GENERAL POWERS AND DUTIES. The district  
11 has the powers and duties necessary to accomplish the purposes for  
12 which the district is created.

13 Sec. 7986A.0302. MUNICIPAL UTILITY DISTRICT POWERS AND  
14 DUTIES. The district has the powers and duties provided by the  
15 general law of this state, including Chapters 49 and 54, Water Code,  
16 applicable to municipal utility districts created under Section 59,  
17 Article XVI, Texas Constitution.

18 Sec. 7986A.0303. AUTHORITY FOR ROAD PROJECTS. Under  
19 Section 52, Article III, Texas Constitution, the district may  
20 design, acquire, construct, finance, issue bonds for, improve,  
21 operate, maintain, and convey to this state, a county, or a  
22 municipality for operation and maintenance macadamized, graveled,  
23 or paved roads, or improvements, including storm drainage, in aid  
24 of those roads.

25 Sec. 7986A.0304. ROAD STANDARDS AND REQUIREMENTS. (a) A  
26 road project must meet all applicable construction standards,  
27 zoning and subdivision requirements, and regulations of each

1 municipality in whose corporate limits or extraterritorial  
2 jurisdiction the road project is located.

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

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

11 Sec. 7986A.0305. COMPLIANCE WITH MUNICIPAL CONSENT  
12 ORDINANCE OR RESOLUTION. The district shall comply with all  
13 applicable requirements of any ordinance or resolution that is  
14 adopted under Section 54.016 or 54.0165, Water Code, and that  
15 consents to the creation of the district or to the inclusion of land  
16 in the district.

17 Sec. 7986A.0306. DIVISION OF DISTRICT. (a) The board, on  
18 its own motion or on receipt of a petition signed by the owner or  
19 owners of a majority of the assessed value of the real property in  
20 the district, may adopt an order dividing the district.

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

23 (c) An order dividing the district shall:

24 (1) name any new district;

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

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

1 and

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

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

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

8 (1) has never issued any bonds; and

9 (2) is not imposing ad valorem taxes.

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

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

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

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

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

26 (k) A new district created by the division of the district  
27 must hold an election as required by this chapter to obtain voter

1 approval before the district may impose a maintenance tax or issue  
2 bonds payable wholly or partly from ad valorem taxes.

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

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

9 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

10 Sec. 7986A.0401. ELECTIONS REGARDING TAXES OR BONDS. (a)  
11 The district may issue, without an election, bonds and other  
12 obligations secured by:

13 (1) revenue other than ad valorem taxes; or  
14 (2) contract payments described by  
15 Section 7986A.0403.

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

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

24 Sec. 7986A.0402. OPERATION AND MAINTENANCE TAX. (a) If  
25 authorized at an election held under Section 7986A.0401, the  
26 district may impose an operation and maintenance tax on taxable  
27 property in the district in accordance with Section 49.107, Water

1 Code.

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

4 Sec. 7986A.0403. CONTRACT TAXES. (a) In accordance with  
5 Section 49.108, Water Code, the district may impose a tax other than  
6 an operation and maintenance tax and use the revenue derived from  
7 the tax to make payments under a contract after the provisions of  
8 the contract have been approved by a majority of the district voters  
9 voting at an election held for that purpose.

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

13 SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

14 Sec. 7986A.0501. AUTHORITY TO ISSUE BONDS AND OTHER  
15 OBLIGATIONS. The district may issue bonds or other obligations  
16 payable wholly or partly from ad valorem taxes, impact fees,  
17 revenue, contract payments, grants, or other district money, or any  
18 combination of those sources, to pay for any authorized district  
19 purpose.

20 Sec. 7986A.0502. TAXES FOR BONDS. At the time the district  
21 issues bonds payable wholly or partly from ad valorem taxes, the  
22 board shall provide for the annual imposition of a continuing  
23 direct ad valorem tax, without limit as to rate or amount, while all  
24 or part of the bonds are outstanding as required and in the manner  
25 provided by Sections 54.601 and 54.602, Water Code.

26 Sec. 7986A.0503. BONDS FOR ROAD PROJECTS. At the time of  
27 issuance, the total principal amount of bonds or other obligations



1 issued or incurred to finance road projects and payable from ad  
2 valorem taxes may not exceed one-fourth of the assessed value of the  
3 real property in the district.

4 SECTION 2. The Sandow Municipal Utility District No. 1  
5 initially includes all the territory contained in the following  
6 area:

7 BEING A 201.0 ACRES TRACT OF LAND SITUATED IN THE ELIZABETH  
8 MILBOURN SURVEY, ABSTRACT 414 AND OLIVER FARNSWORTH SURVEY,  
9 ABSTRACT 163, MILAM COUNTY, TEXAS; AND BEING A PORTION OF A CALLED  
10 15,022.733 ACRES TRACT OF LAND DESIGNATED AS "TRACT 018-R3" AND  
11 DESCRIBED TO SLR PROPERTY I, LP, AS SHOWN ON INSTRUMENT RECORDED  
12 UNDER DOCUMENT NO. 2021-5108 OF THE OFFICIAL PUBLIC RECORDS OF  
13 MILAM COUNTY, TEXAS (O.P.R.M.C.T.); AND BEING MORE PARTICULARLY  
14 DESCRIBED AS FOLLOWS:

15 BEGINNING IN THE WEST BOUNDARY LINE OF SAID TRACT 018-R3 AND  
16 FOR THE SOUTHEAST CORNER OF A CALLED 61.006 ACRES TRACT OF LAND  
17 DESCRIBED TO KAREN ANN YOUNT, AS SHOWN ON INSTRUMENT RECORDED UNDER  
18 DOCUMENT NO. 2022-5130 OF THE OFFICIAL PUBLIC RECORDS OF MILAM  
19 COUNTY, TEXAS (O.P.R.M.C.T.);

20 THENCE, WITH SAID WEST BOUNDARY LINE OF TRACT 018-R3, SAME  
21 BEING THE EAST BOUNDARY LINE OF SAID 61.006 ACRES TRACT, THE  
22 FOLLOWING TWO (2) COURSES AND DISTANCES:

- 23 1. NORTH 21°10'24" WEST, A DISTANCE OF 2,162.68 FEET;  
24 2. NORTH 68°55'41" EAST, A DISTANCE OF 1,308.45 FEET;

25 THENCE, NORTH 21°29'53" WEST, CONTINUING WITH SAID WEST  
26 BOUNDARY LINE OF TRACT 018-R3, SAME BEING SAID EAST BOUNDARY LINE OF  
27 THE 61.006 ACRES TRACT, THE EAST BOUNDARY LINE OF A CALLED 28.718

1 ACRES TRACT OF LAND DESCRIBED TO RUSSELL D. LEWIS AND LISA LEWIS, AS  
2 SHOWN ON INSTRUMENT RECORDED UNDER DOCUMENT NO. 2020-1490 OF THE  
3 O.P.R.M.C.T., AND THE EAST BOUNDARY LINE OF A CALLED 20.0 ACRES  
4 TRACT OF LAND DESCRIBED TO KREGG YOUNT, AS SHOWN ON INSTRUMENT  
5 RECORDED UNDER DOCUMENT NO. 1129-451 OF THE O.P.R.M.C.T., A  
6 DISTANCE OF 1,916.67 FEET TO THE SOUTH BOUNDARY LINE OF A CALLED  
7 27.527 ACRES TRACT OF LAND DESCRIBED TO KAREN ANN YOUNT, AS SHOWN ON  
8 INSTRUMENT RECORDED UNDER DOCUMENT NO. 2022-5130 OF THE  
9 O.P.R.M.C.T.;

10 THENCE, NORTH 69°10'24" EAST, CONTINUING WITH SAID WEST  
11 BOUNDARY LINE OF TRACT 018-R3, SAME BEING SAID SOUTH BOUNDARY LINE  
12 OF 27.527 ACRES TRACT AND THE SOUTH BOUNDARY LINE OF A CALLED 73.703  
13 ACRES TRACT OF LAND DESCRIBED TO WILFORD ALLEN TATE, AS SHOWN ON  
14 INSTRUMENT RECORDED UNDER DOCUMENT NO. 1264-251 OF THE  
15 O.P.R.M.C.T., A DISTANCE OF 1,809.84 FEET TO THE SOUTHEAST CORNER  
16 OF SAID 73.703 ACRES TRACT;

17 THENCE, NORTH 20°34'38" WEST, CONTINUING WITH SAID WEST  
18 BOUNDARY LINE OF TRACT 018-R3, SAME BEING THE EAST BOUNDARY LINE OF  
19 SAID 73.703 ACRES TRACT, A DISTANCE OF 996.83 FEET TO THE SOUTHWEST  
20 CORNER OF A CALLED 150.0 ACRES TRACT OF LAND DESCRIBED TO HOBBS  
21 MARTIN D ESTATE (RECORDING INFORMATION UNKNOWN);

22 THENCE, NORTH 68°13'17" EAST, DEPARTING SAID EAST BOUNDARY  
23 LINE OF THE 73.703 ACRES TRACT OF LAND, CONTINUING WITH SAID WEST  
24 BOUNDARY LINE OF TRACT 018-R3, SAME BEING THE SOUTH BOUNDARY LINE OF  
25 SAID 150.0 ACRES TRACT, DISTANCE OF 1,314.13 FEET TO THE SOUTHEAST  
26 CORNER OF SAID 150.0 ACRE TRACT;

27 THENCE, DEPARTING SAID WEST BOUNDARY LINE OF TRACT 018-R3 AND

1 SAID SOUTH BOUNDARY LINE OF THE 150.0 ACRES TRACT, OVER AND ACROSS  
2 SAID TRACT 018-R3, THE FOLLOWING THREE (3) COURSES AND DISTANCES:

- 3 1. SOUTH 20°34'38" EAST, A DISTANCE OF 1,234.87 FEET;
- 4 2. SOUTH 25°30'16" WEST, A DISTANCE OF 3,635.53 FEET;
- 5 3. SOUTH 31°36'25" WEST, A DISTANCE OF 2,227.86 FEET TO THE POINT  
6 OF BEGINNING AND CONTAINING 201.0 ACRES OF LAND, MORE OR LESS, IN  
7 MILAM COUNTY, TEXAS. THIS DOCUMENT WAS PREPARED IN THE OFFICE OF  
8 KIMLEY-HORN INC. IN AUSTIN, TEXAS.

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

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

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

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

27 SECTION 4. (a) If this Act does not receive a two-thirds

1 vote of all the members elected to each house, Subchapter C, Chapter  
2 7986A, Special District Local Laws Code, as added by Section 1 of  
3 this Act, is amended by adding Section 7986A.0307 to read as  
4 follows:

5 Sec. 7986A.0307. NO EMINENT DOMAIN POWER. The district may  
6 not exercise the power of eminent domain.

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

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