

BILL ANALYSIS

C.S.H.B. 3565
By: Keel
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Lazy Nine Municipal Utility District (district) will encompass an area of land outside of the corporate limits and the extraterritorial jurisdiction of any city. The land to be located within the district will be developed into single family residential and commercial developments; and therefore, water, sewer, and drainage services need to be secured. It is necessary to create the municipal utility district under Chapters 49 (Provisions Applicable to All Districts) and 54 (Municipal Utility Districts), Water Code, in order to purchase, acquire, or construct facilities for such services to serve the future occupants of the land utilizing tax exempt bonds. C.S.H.B. 3565 provides regulations regarding the creation, administration, powers, duties, operation, and financing of the district.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. DEFINITIONS. Defines "board" and "district."

SECTION 2. CREATION. Provides that a district, to be known as the Lazy Nine Municipal Utility District (district), is created in Travis County, subject to approval at a confirmation election under SECTION 9 of this Act. Provides that the district is a governmental agency and a body politic and corporate.

SECTION 3. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. Provides that the district is created to serve a public use and benefit and is created under and is essential to accomplish the purposes of Section 59 (Conservation and Development of Natural Resources; Conservation and Reclamation Districts), Article XVI, Texas Constitution. All of the land included within the district will be benefited by the works and projects of the district.

SECTION 4. BOUNDARIES. Sets forth the boundaries of the district.

SECTION 5. FINDINGS RELATIVE TO BOUNDARIES. Sets forth legislative findings relating to the boundaries of the district.

SECTION 6. APPLICABILITY OF OTHER LAW. This Act prevails over any provision of general law that is in conflict or inconsistent with this Act.

SECTION 7. BOARD OF DIRECTORS. Provides that the district is composed of a five-member board of directors. Provides that temporary directors serve until directors are elected under SECTION 9 of this Act. Provides that temporary directors are not required to own land in or be residents of the district. Provides that permanent directors serve staggered four-year terms. Provides that each director must qualify to serve as director in the manner provided by Section 49.055 (Sworn Statement, Bond, and Oath of Office), Water Code.

SECTION 8. TEMPORARY DIRECTORS. Sets forth the composition of the temporary board of directors. Provides that if a temporary director fails to qualify for office, the temporary directors who have qualified shall appoint a person to fill the vacancy. Provides that if, at any time, there are fewer than three qualified temporary directors, the Texas Commission on

Environmental Quality (TCEQ) shall appoint the necessary number of persons to fill all vacancies.

SECTION 9. CONFIRMATION AND INITIAL DIRECTORS' ELECTION. Requires the temporary board to call and hold an election to confirm establishment of the district and elect five initial directors. Provides that at the election the board may submit to the voters a proposition to authorize an issuance of bonds, a maintenance tax, or a tax to fund payments required under a contract. Provides that Section 41.001(a) (Uniform Election Dates), Election Code, does not apply to the confirmation election.

SECTION 10. ELECTION OF DIRECTORS. Sets forth the election dates and term requirements of the directors, providing for staggered terms.

SECTION 11. GENERAL POWERS. Provides that the district has all the rights, powers, privileges, authority, functions, and duties provided under general law of this state, including Chapters 30, 49, 50, and 54, Water Code, applicable to municipal utility districts created under Section 59, Article XVI, Texas Constitution.

SECTION 12. ANNEXATION. Provides that the board may annex land as provided by Chapter 49 or Chapter 54, Water Code.

SECTION 13. DIVISION OF DISTRICT. Allows the board, before issuing indebtedness secured by taxes or net revenues, to divide the territory of the district, including any annexed territory, into two or more new districts provided that any new district created by division of the district must be at least 100 acres in size.

SECTION 14. ELECTION FOR DIVISION OF DISTRICT. Requires the board to order an election to be held in the district to determine if the district should be divided as proposed and to give notice of the election in the manner provided by Section 49.102, Water Code. Requires the district to provide written notice of the plan for division to the Texas Commission on Environmental Quality, the attorney general, the commissioners court of each county in which each new district is located, and any municipality having extraterritorial jurisdiction over the land within each new district.

SECTION 15. GOVERNANCE OF DISTRICTS AFTER DIVISION. Provides that any new districts created shall be assigned consecutive letters, corresponding to the number of the new district and shall be separate districts and shall be governed as separate districts.

SECTION 16. ELECTION OF DIRECTORS OF NEW DISTRICT. Provides that after an election approving the division of the district, the directors of the board shall continue to act as directors of one of the new districts; and shall appoint temporary directors for each of the other new districts. Provides that temporary directors shall serve until an election for permanent directors is held on the next uniform election date under Section 41.001(a), Election Code. The temporary directors of each new district must qualify under Section 49.055, Water Code. Upon election of permanent directors, the three directors receiving the greatest number of votes shall serve until May of the first even-numbered year that is four years after the date of the election and two directors shall serve until May of the first even-numbered year that is two years after the date of the election.

SECTION 17. CONTINUING POWERS AND OBLIGATIONS OF NEW DISTRICTS. Provides that each new district shall have the full power and authority of the district created and governed by this Act. Any obligations and any bond authorizations of the district are not impaired and shall be paid by taxes, revenues, or assessments levied on the land in the district as if the district had not been divided or by contributions from each new district. Other obligations of the district shall be divided pro rata among the

new districts on an acreage basis or on other terms that are satisfactory to the new districts.

SECTION 18. CONTRACT AUTHORITY OF NEW DISTRICTS. Provides that the new districts may contract with each other for water, wastewater, and any other matters the board of each new district considers appropriate.

SECTION 19. BOND ISSUANCE BY NEW DISTRICT. Provides that a new district may issue bonds payable from ad valorem taxes on the approval of a majority of the residents voting in an

election called and held for that purpose. Notice of the bond election shall be given as provided by Section 49.106, Water Code.

SECTION 20. MAINTENANCE TAX APPROVAL FOR NEW DISTRICT. Provides that a new district may levy a maintenance tax on the approval of a majority of the residents voting in an election called and held for that purpose.

SECTION 21. FINDINGS RELATED TO PROCEDURAL REQUIREMENTS. (a) Provides that the proper and legal notice setting forth the substance of this Act has been published as provided by law. Provides that a notice of a copy of this Act has been furnished to the required persons, agencies, officials, or entities according to the constitution and other laws of this state.

(b) Provides that the TCEQ has filed its recommendations relating to this Act with the governor, lieutenant governor, and the speaker of the house of representatives within the required time.

(c) Provides that all requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 22. EFFECTIVE DATE; EXPIRATION DATE. Effective Date is September 1, 2003. Expiration date is September 1, 2005, if the district is not confirmed under SECTION 9.

EFFECTIVE DATE

September 1, 2003

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute differs from the original by correcting a drafting error in the original bill which created a groundwater conservation district, rather than a municipal utility district.