

## **BILL ANALYSIS**

H.B. 3582  
By: Quintanilla  
Natural Resources  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

In 1997, the Legislature created the Paseo del Este Municipal Utility District to provide utilities in a timely, affordable manner. The legislation provided that each district could divide into smaller districts in order to facilitate the installation of water and sewer utilities. H.B. 3582 outlines provisions, provides for the authorization of bonds and the levy of taxes, and provides civil penalties relating to the creation, administration, powers, duties, functions, operation, and financing of the Paseo del Este Municipal Utility Districts No. 1, 2, 3, 4, 5, 6, 7, 8, and 9.

### **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**

#### **ARTICLE I. GENERAL PROVISIONS**

SECTION 1.01. DEFINITIONS. Defines "board", "county", and "district."

SECTION 1.02. CREATION. Creates nine conservation and reclamation district to be known as Paseo del Este Municipal Utility Districts No. 1, 2, 3, 4, 5, 6, 7, 8, and 9, each of which is a governmental agency and a body politic and corporate. Provides that each district is created under and is essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution. Provides that each district has all of the powers of a municipal utility district provided under Chapter 54, Water Code, and as is governed by Chapters 49 and 54, Water Code, unless otherwise provided in this Act.

SECTION 1.03. BOUNDARIES. Sets forth the territory of each district.

#### **ARTICLE 2. ADMINISTRATIVE PROVISIONS**

SECTION 2.01. BOARD. Requires each district is to be governed by and all powers of each district to be exercised by a board of five directors (board).

SECTION 2.02. DIRECTOR ELIGIBILITY. Sets forth requirements for director eligibility.

SECTION 2.03. TERMS OF DIRECTORS; APPOINTMENT OF INITIAL DIRECTORS . Sets forth the terms of the board of directors and appointment procedures for initial directors.

SECTION 2.04. ELECTION OF PERMANENT DIRECTORS. Sets forth requirements regarding the election of permanent directors.

SECTION 2.05. QUALIFICATION OF DIRECTOR. Sets forth requirements regarding the qualification of a director.

SECTION 2.06. MEETINGS AND BOARD ACTIONS. Sets forth requirements and outlines provisions regarding meetings and actions of the board.

SECTION 2.07. ORGANIZATION OF BOARD OF DIRECTORS. Sets forth requirements regarding the organization of the board of directors.

SECTION 2.08. CONFLICT OF INTEREST; CONTRACT. Provides that a director who is financially interested in a contract proposed to be executed by the board for the purchase of property or services or for the construction of facilities shall disclose the interest to the board and may not vote on the acceptance of the contract.

SECTION 2.09. DISTRICT EMPLOYEES. Sets forth requirements regarding district employees.

SECTION 2.10. EMPLOYEE BONDS. Sets forth requirements regarding employee bonds.

SECTION 2.11. PRINCIPAL OFFICE. Sets forth requirements and provisions regarding the maintenance of each district's principal office.

SECTION 2.12. RECORDS. Sets forth requirements regarding the storage of records.

SECTION 2.13. SUIT. Authorizes each district to sue and be sued in its corporate name.

### ARTICLE 3. AUTHORITY OF DISTRICT

SECTION 3.01. POWERS AND DUTIES. Sets forth powers and duties of each district .

SECTION 3.02. DISTRICT RULES. Sets forth each district's power to adopt rules.

SECTION 3.03. INSPECTIONS AND INVESTIGATIONS. In addition to the powers conferred on it under Section 49.221, Water Code, authorizes each district to enter public or private property in each district for the purpose of inspecting and investigating conditions relating to its authorized purposes under the same provisions and restrictions applicable to the Texas Commission on Environmental Quality

SECTION 3.04. HEARINGS AND ORDERS. Sets forth provisions relating to hearings and orders of the board.

SECTION 3.05. CIVIL PENALTY; INJUNCTION. Outlines provisions regarding a civil penalty for a person in violation of a rule, permit, or order of each district.

SECTION 3.06. PERMITS; CONTRACTS; COOPERATIVE AGREEMENTS. Outlines provisions regarding permits, contracts, and cooperative agreements.

SECTION 3.07. FACILITIES. Outlines provisions regarding district facilities.

SECTION 3.08. ACQUISITION AND DISPOSITION OF PROPERTY. Sets forth requirements and outlines provisions regarding the acquisition and disposition of property.

SECTION 3.09. RELOCATION OF FACILITIES. Sets forth requirements regarding the relocation of district facilities.

### ARTICLE 4. GENERAL FISCAL PROVISIONS

SECTION 4.01. DISBURSEMENT OF MONEY. Authorizes each district to disburse money only by check, draft, order, or other instrument signed by the person or persons authorized in each district's bylaws

or by board resolution.

SECTION 4.02. FEES AND CHARGES. Authorizes each district to establish fees and charges not to exceed the amounts necessary to enable each district to fulfill the obligations imposed on it by this Act.

SECTION 4.03. LOANS AND GRANT. Sets forth provisions regarding loans and grants.

SECTION 4.04. FISCAL YEAR. Requires the board to establish each district 's fiscal year.

SECTION 4.05. DEPOSITORY BANKS. Sets forth requirements and outlines provisions regarding the designation of depository banks by the board.

## ARTICLE 5. BOND AND TAX PROVISIONS

SECTION 5.01. TAX; REVENUE BONDS. Sets forth requirements and outlines provisions regarding tax and revenue bonds.

SECTION 5.02. BOND ANTICIPATION NOTES. Outlines provisions regarding the issuance of bond anticipation notes by each district .

SECTION 5.03. REFUNDING BONDS. Outlines provisions regarding the issuance of refunding bonds by each district .

SECTION 5.04. APPROVAL AND REGISTRATION OF BONDS. Provides that district bond review and approval is governed by Subchapter F, Chapter 49, Water Code.

SECTION 5.05. BONDS ARE AUTHORIZED INVESTMENTS. Sets forth requirements regarding bonds.

SECTION 5.06. TAXATION. Outlines provisions and sets forth requirements regarding taxation.

SECTION 5.07. PROPERTY: RENDITION; VALUATION; LEVY. Sets forth requirements regarding assessment of property in each district for taxation.

## ARTICLE 6. ADDITION OF LAND TO DISTRICT

SECTION 6.01. ANNEXATION. Authorizes additional territory to be included in each district notwithstanding any other provision of law.

SECTION 6.02. PETITION. Authorizes a land owner to file with the board a petition requesting certain land be included in each district . Sets forth requirements and outlines provisions regarding the filing of a petition.

SECTION 6.03. NOTICE AND HEARING. Sets forth requirements regarding notice and hearing for annexations.

SECTION 6.04. ANNEXATION ORDER. Outlines provisions regarding an annexation order.

## ARTICLE 7. EXCLUSION OF LAND FROM DISTRICT

SECTION 7.01. PETITION. Outlines provisions regarding a petition of a landowner for exclusion of land from a district.

SECTION 7.02. NOTICE AND HEARING. Sets forth requirements regarding notice and hearing for annexation of land by a district.

SECTION 7.03. EFFECTIVE DATE OF ORDER EXCLUDING LAND. Sets forth provisions regarding the effective date of an order excluding land.

SECTION 7.04. PETITION FOR RATIFICATION ELECTION. Outlines provisions regarding a petition for a ratification election regarding an annexation by a district.

## ARTICLE 8. DIVISION OF DISTRICT

SECTION 8.01. CONDITIONS OF DIVISION. Outlines provisions regarding the conditions of division of each district .

SECTION 8.02. PROVISIONS RELATING TO NEW DISTRICTS. Sets forth requirements for the district regarding a division and an election.

SECTION 8.03. APPOINTMENT AND ELECTION OF DIRECTORS. Outlines provisions and sets forth requirements regarding the appointment and election of directors of resulting districts.

SECTION 8.04. PAYMENT OF DISTRICT DEBTS. Outlines provisions regarding the payment of district debts.

SECTION 8.05. AUTHORITY OF DISTRICTS RESULTING FROM A DIVISION. Sets forth the authority of resulting districts.

SECTION 8.06. ASSUMPTION OF OBLIGATIONS. Sets forth requirements and outlines provisions regarding the assumption of obligations by resulting districts.

SECTION 8.07. NOTICE TO TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. Requires the original district that confirms a plan for division to provide written notice of such plan to the Texas Commission on Environmental Quality within 30 days after a division election.

## ARTICLE 9. ANNEXATION AND DISSOLUTION OF DISTRICT

SECTION 9.01. ANNEXATION. Sets forth requirements regarding annexation of a district by a municipality.

## ARTICLE 10. AFFORDABLE HOUSING

SECTION 10.01. Outlines provisions regarding the development of affordable housing in the districts. Defines "affordable housing."

## ARTICLE 11. MISCELLANEOUS PROVISIONS

SECTION 11.01. TAX EXEMPTION. Outlines provisions regarding tax exemption.

SECTION 11.02. INITIAL ELECTION. Notwithstanding Section 2.04 of this Act, requires each district to hold its first election for permanent directors on the first Saturday in May of the first even-numbered year after which there are registered voters in a district.

SECTION 11.03. FINDINGS RELATING TO PROCEDURAL REQUIREMENTS. Sets forth findings relating to procedural requirements.

SECTION 11.04. Severability clause.

SECTION 11.05. VALIDATION. Validates actions of governmental entities taken by or on behalf of the original district and the districts.

SECTION 11.06. DISSOLUTION OF ORIGINAL DISTRICT; REPEAL. Sets forth requirements to dissolve the original district and repeals Chapter 443, Acts of the 75<sup>th</sup> Legislature, Regular Session upon dissolution of the original district.

SECTION 11.07. EFFECTIVE DATE. September 1, 2003

**EFFECTIVE DATE**

September 1, 2003