

Amend CSHB 2120 by adding the following appropriate numbered SECTION and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Chapter 54, Water Code, is amended by adding Subchapter I to read as follows:

SUBCHAPTER I. MUNICIPAL UTILITY DISTRICT ROAD PROJECTS

Sec. 54.771. DEFINITION. In this subchapter, "road project" means the construction, acquisition, improvement, maintenance, or operation of macadamized, graveled, or paved roads or turnpikes, or improvements in aid of those roads or turnpikes.

Sec. 54.772. AUTHORITY; ELECTION TO PROVIDE POWER TO UNDERTAKE ROAD PROJECTS INSIDE MUNICIPAL UTILITY DISTRICT. (a) A board may order an election to be held in a municipal utility district to determine whether the municipal utility district may undertake road projects inside the municipal utility district.

(b) The ballot for the election must be printed to provide for voting for or against providing the municipal utility district the power to undertake road projects inside the municipal utility district.

(c) If a majority of the persons voting in the election vote in favor of the proposition, the municipal utility district may undertake road projects inside the municipal utility district to the extent authorized by Section 52, Article III, Texas Constitution.

Sec. 54.773. BONDS; ELECTION. (a) A municipal utility district may not issue bonds or otherwise lend its credit to finance road projects except on approval of two-thirds or more of the voters of the municipal utility district voting at an election held for that purpose.

(b) The total amount of bonds and other obligations of the municipal utility district issued or incurred to finance road projects may not exceed one-fourth of the assessed valuation of real property in the municipal utility district.

(c) The attorney general may approve under Section 49.184 bonds issued by a municipal utility district to finance road projects as provided by this subchapter only if the municipal utility district meets the requirements of Section 54.774.

Sec. 54.774. LIMITATION ON ISSUANCE OF BONDS. (a) A municipal utility district that may undertake road projects under this subchapter may issue bonds to finance road projects only if the combined projected tax rate for the municipal utility district does not exceed \$1.50 per \$100 of taxable value and the combined no-growth tax rate for the municipal utility district does not exceed \$2.50 per \$100 of taxable value.

(b) In this section:

(1) "Combined no-growth tax rate" means the sum of:

(A) the municipal utility district's no-growth debt service tax rate;

(B) the no-growth debt service tax rate of all overlapping political subdivisions that is specifically attributable to water, wastewater, drainage, or roads;

(C) an equivalent surcharge tax rate for any water or wastewater surcharge paid by the municipal utility district;

(D) any municipal tax rate, other than the municipality's debt service tax rate, specifically attributable to water, wastewater, or drainage;

(E) any current or proposed maintenance tax rate of the municipal utility district or an overlapping political subdivision; and

(F) any contract tax rate, less any equivalent tax rebate or other payment.

(2) "Combined projected tax rate" means the sum of:

(A) the municipal utility district's projected debt service tax rate;

(B) the projected debt service tax rate of all overlapping political subdivisions that is specifically attributable to water, wastewater, drainage, or roads;

(C) an equivalent surcharge tax rate for any water or wastewater surcharge paid by the municipal utility district;

(D) any municipal tax rate, other than the municipality's debt service tax rate, specifically attributable to water, wastewater, or drainage;

(E) any current or proposed maintenance tax rate of the municipal utility district or an overlapping political subdivision; and

(F) any contract tax rate, less any equivalent tax rebate or other payment.

(3) "No-growth debt service tax rate" means a debt service tax rate for future years calculated based on the applicable current taxable valuation.

(4) "Projected debt service tax rate" means a debt service tax rate for future years calculated based on the applicable projected taxable valuation for each year.

(c) The calculation of tax rates under this section, other than projected tax rates, must be based on the most recent taxable values certified by the appropriate appraisal district. The calculation of projected tax rates must be based on projected increases in those taxable values.

Sec. 54.775. MUNICIPAL OR COUNTY CONSENT AND STANDARDS. (a) A municipal utility district may not undertake a road project unless each municipality in whose corporate limits or extraterritorial jurisdiction the municipal utility district is located consents by ordinance or resolution. If the municipal utility district is located outside the extraterritorial jurisdiction of a municipality, the municipal utility district may not undertake a road project unless each county in which the municipal utility district is located consents by ordinance or resolution.

(b) A road project must meet or exceed all applicable construction standards, zoning and subdivision requirements, and regulatory ordinances of each municipality in whose corporate limits or extraterritorial jurisdiction the municipal utility district is located. If the municipal utility district is located outside the extraterritorial jurisdiction of a municipality, a road project must meet or exceed all applicable construction standards, zoning and subdivision requirements, and regulatory ordinances of each county in which the municipal utility district is located.

Sec. 54.776. MAINTENANCE OF ROADS. A municipal utility district that may undertake road projects under this subchapter

shall maintain all roads constructed or purchased by the municipal utility district unless the county or another political subdivision assumes responsibility for maintaining the roads.

Sec. 54.777. CERTAIN AUTHORITY OF TEXAS COMMISSION ON ENVIRONMENTAL QUALITY NOT APPLICABLE. Sections 49.181 and 49.182 do not apply to a road project undertaken by the municipal utility district or to bonds issued by the municipal utility district to finance the project.