

BILL ANALYSIS

Senate Research Center
79R12576 QS-F

H.B. 1141
By: Flynn (Deuell)
Intergovernmental Relations
5/18/2005
Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

H.B. 1141 enables the conversion of the Verandah Fresh Water Supply District of Hunt County to a municipal utility district and enumerates the district's powers, duties, and obligations.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Provides that the Verandah Fresh Water Supply District of Hunt County is converted to the Verandah Municipal Utility District of Hunt County (district). Provides that Section 54.034, Water Code, applies to the district in the same manner as a district converted under Sections 54.030-54.033, Water Code.

SECTION 2. Amends Subtitle F, Title 6, Special District Local Laws Code, by adding Chapter 8110, as follows:

CHAPTER 8110. VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8110.001. DEFINITIONS. Defines "board," "director," and "district."

Sec. 8110.002. NATURE OF DISTRICT. Provides that the district is a municipal utility district with road powers. Provides that the district is essential to accomplish the purposes of Section 52, Article III, and Section 59, Article XVI, Texas Constitution, and will serve a public use and benefit.

[Reserves Sections 8110.003-8110.050 for expansion.]

SUBCHAPTER B. POWERS AND DUTIES

Sec. 8110.051. MUNICIPAL UTILITY DISTRICT POWERS AND DUTIES. Provides that the district has the powers and duties provided by the general law of this state, including Chapters 49 and 54, Water Code, applicable to municipal utility districts created under Section 59, Article XVI, Texas Constitution.

Sec. 8110.052. ROAD PROJECTS. Authorizes the district to construct, acquire, improve, maintain, or operate macadamized, graveled, or paved roads or turnpikes, or improvements in aid of those roads or turnpikes, inside or outside of the district.

Sec. 8110.053. ROAD CONTRACTS. Authorizes the district to contract for a road project in the same manner as provided by Subchapter I, Chapter 49, Water Code.

Sec. 8110.054. CERTIFICATE OF CONVENIENCE AND NECESSITY. Authorizes the district to pay out of bond proceeds or other available district money all expenses, including legal, engineering, and other fees, related to obtaining a new certificate of convenience and necessity under Chapter 13, Water Code, authorizing the district to

provide retail water or sewer service inside or outside the district. Authorizes the district to pay out of bond proceeds or other available district money all expenses, including the purchase price, related to acquiring certificate of convenience and necessity rights from another retail public utility to allow the district to provide retail water or sewer service in the district.

Sec. 8110.055. **CONTRACT WITH POLITICAL SUBDIVISION FOR WATER OR SEWER SERVICES.** Authorizes the district to enter into a contract to allow a political subdivision to provide retail water or sewer service in the district. Authorizes the contract to contain terms the board of directors of the district (board) considers desirable, fair, and advantageous to the district. Authorizes the contract to provide that the district will construct or acquire and convey to the political subdivision a water supply or treatment system, a water distribution system, or a sanitary sewage collection or treatment system, as necessary to provide water or sewer service to the district. Authorizes the district to use bond proceeds or other available district money to pay for its obligations and for services and facilities provided under the contract. Provides that, if the contract requires the district to make payments from taxes other than operation and maintenance taxes, the contract is subject to Section 49.108, Water Code.

[Reserves Sections 8110.056-8110.100 for expansion.]

SUBCHAPTER C. GENERAL FINANCIAL PROVISIONS

Sec. 8110.101. **OPERATION AND MAINTENANCE TAX.** Authorizes the district to impose a tax for any district operation and maintenance purpose in the manner provided by Section 49.107, Water Code. Provides that Section 49.107(f), Water Code, does not apply to reimbursements for projects constructed or acquired under Section 8110.052.

Sec. 8110.102. **TAX TO REPAY BONDS.** Authorizes the district to impose a tax to pay the principal of and interest on bonds issued under Section 8110.151.

Sec. 8110.103. **UTILITY PROPERTY EXEMPT FROM IMPACT FEES AND ASSESSMENTS.** Prohibits the district from imposing an impact fee or assessment on the property, including the equipment, rights-of-way, facilities, or improvements, of certain electric and gas utilities, telecommunications providers, cable operators, and telecommunications services providers.

[Reserves Sections 8110.104-8110.150 for expansion.]

SUBCHAPTER D. BONDS

Sec. 8110.151. **AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS.** (a) Authorizes the district, in addition to the general authority to issue bonds under Chapters 49 and 54, Water Code, to issue bonds or other obligations as provided by Chapters 49 and 54, Water Code, to finance the construction, maintenance, or operation of projects under Section 8110.052.

(b) Authorizes the district to issue bonds or other obligations payable wholly or partly from ad valorem taxes, impact fees, revenue, grants, or other district money or any combination of those sources.

(c) Prohibits the district from issuing bonds or other obligations secured wholly or partly by ad valorem taxation to finance projects authorized by Section 8110.052 unless the issuance is approved by a vote of a two-thirds majority of the voters of the district voting at an election called for that purpose.

(d) Prohibits bonds or other obligations issued or incurred to finance projects authorized by Section 8110.052 from exceeding one-fourth of the assessed value of the real property in the district.

(e) Provides that Sections 49.181 and 49.182, Water Code, do not apply to a project undertaken by the district under Section 8110.052 or to bonds issued by the district to finance the project.

SECTION 3. (a) Provides that the creation of the Verandah Fresh Water Supply District of Hunt County and all proceedings related to the creation of the district, effective as of the date on which the creation or related proceedings occurred and any act or proceeding of the district, including an election, not excepted by this section and taken not more than three years before the effective date of this Act, effective as of the date on which the act or proceeding occurred, are validated and confirmed in all respects.

(b) Provides that this section does not apply to an act, proceeding, director, other official, bond, or other obligation the validity of which or of whom is the subject of litigation that is pending on the effective date of this Act, or an act or proceeding that, under a statute of this state or the United States, was a misdemeanor or felony at the time the act or proceeding occurred.

SECTION 4. 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 5. Effective date: upon passage or September 1, 2005.