

## BILL ANALYSIS

Senate Research Center  
79R11543 HLT-F

H.B. 3497  
By: Gattis (Ogden)  
Intergovernmental Relations  
5/18/2005  
Engrossed

### AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

H.B. 3497 creates the Sonterra Municipal Utility District (district) which will encompass an area of land in Williamson County partially within and partially outside of the corporate limits of the City of Jarrell and partially within the extraterritorial jurisdiction of the City of Jarrell. Because the land to be located within the district will be developed into single-family residential and commercial development, water, sewer, and drainage services need to be secured.

It is necessary to create the district under Chapters 49 (Provisions Applicable to All Districts) and 54 (Municipal Utility Districts), Water Code, in order to purchase, acquire, and/or construct facilities for such services to serve the future occupants of the land utilizing tax exempt bonds.

This bill provides regulations regarding the creation, administration, powers, duties, operation, and financing of the district, and provides authority for the district to divide into smaller districts.

### 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. Amends Subtitle F, Title 6, Special District Local Laws Code, by adding Chapter 8111, as follows:

#### CHAPTER 8111. SONTERRA MUNICIPAL UTILITY DISTRICT

##### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8111.001. DEFINITIONS. Defines "board," "director," and "district."

Sec. 8111.002. NATURE OF DISTRICT. Provides that the Sonterra Municipal Utility District (district) is a municipal utility district in Williamson County created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8111.003. CONFIRMATION ELECTION REQUIRED. Provides that if the creation of the district is not confirmed at a confirmation election held before September 1, 2009, the district is dissolved September 1, 2009, except that any debts incurred shall be paid, any assets that remain after the payment of debts shall be transferred to Williamson County, and the organization of the district shall be maintained until all debts are paid and remaining assets are transferred; and this chapter expires September 1, 2012.

Sec. 8111.004. INITIAL DISTRICT TERRITORY. (a) Provides that the district is initially composed of the territory described by Section 2 of the Act creating this chapter.

(b) Provides that the boundaries and field notes contained in Section 2 of the Act creating this chapter form a closure. Provides that a mistake made in the field notes or in copying the field notes in the legislative process does not affect the organization, existence, or validity of the district; the right of the district to impose taxes; or the legality or operation of the board.

Sec. 8111.005. **APPLICABILITY OF OTHER LAW.** Provides that, except as otherwise provided by this chapter, all applicable laws apply to the district, including certain chapters of the Water Code.

[Reserves Sections 8111.006 - 8111.020 for expansion.]

#### SUBCHAPTER A-1. TEMPORARY PROVISIONS

Sec. 8111.021. **TEMPORARY DIRECTORS.** Specifies those persons who serve as directors on the temporary board. Specifies that a temporary director is not required to own land in or reside in the district. Specifies provisions for filling an empty seat among the temporary directors. Specifies the term-length of the temporary directors.

Sec. 8111.022. **ORGANIZATIONAL MEETING OF TEMPORARY DIRECTORS.** Requires the temporary directors, as soon as practicable after all the temporary directors have qualified under Section 49.055 (Sworn Statement, Bond, and Oath of Office), Water Code, to convene the organizational meeting of the district at a location in the district agreeable to a majority of the directors.

Sec. 8111.023. **CONFIRMATION AND INITIAL DIRECTORS' ELECTION.** (a) Requires the temporary directors to hold an election to confirm the creation of the district and to elect five directors. Authorizes the temporary directors, if the creation of the district is not confirmed at the initial election, to hold a second election one year later.

(b) Authorizes the board, at the confirmation and initial directors' election, to submit to the voters a proposition to authorize the issuance of bonds, a maintenance tax, or a tax to fund payments required under a contract.

(c) Provides that Section 41.001(a), Election Code, does not apply to a confirmation and initial directors' election held under this section.

Sec. 8111.024. **INITIAL ELECTED DIRECTORS; TERMS.** Requires the directors elected to draw lots to determine which two shall serve until the first regularly scheduled election of directors and which three shall serve until the second regularly scheduled election of directors.

Sec. 8111.025. **EXPIRATION OF SUBCHAPTER.** Provides that this subchapter expires September 1, 2012.

[Reserves Sections 8111.026 - 8111.050 for expansion.]

#### SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8111.051. **DIRECTORS; TERMS.** Provides that the district is governed by a board of five directors serving staggered four-year terms.

Sec. 8111.052. **ELECTION OF DIRECTORS.** Requires the appropriate number of directors to be elected on the uniform election date in May of each even-numbered year.

[Reserves Sections 8111.053 - 8111.100 for expansion.]

#### SUBCHAPTER C. DIVISION OF DISTRICT TO MULTIPLE DISTRICTS

Sec. 8111.101. **DIVISION OF DISTRICT; PREREQUISITES.** Authorizes the district, including any annexed territory, at any time before the district issues indebtedness secured by taxes or net revenue, to be divided into an original district and one or more new districts. Requires the board to determine which portion of the divided area constitutes the original district. Authorizes a district created by division of the original district to further subdivide as determined by the board of the new district. Requires the original district and any new district created after a division to be at least 85 acres. Authorizes the board by resolution to declare an intent to divide the district; sets forth the

requirements of the resolution. Provides that Section 42.042 (Creation Of Political Subdivision To Supply Water Or Sewer Services, Roadways, Or Drainage Facilities In Extraterritorial Jurisdiction), Local Government Code, and Section 54.016 (Consent of City), Water Code, do not apply to the creation of a new district by division under this subchapter.

Sec. 8111.102. DIVISION OF DISTRICT BY ELECTION. Requires the board, except as provided by Section 8111.103, to hold an election in the district to determine whether the district should be divided as proposed under Section 8111.1011(d). Requires the board to give notice of the election by a certain date; specifies the content of the notice. Requires the district, if a majority of the votes are cast in favor of the division, to be divided. Prohibits the division of the district if a majority of the votes are not cast in favor of the division.

Sec. 8111.103. DISTRICT DIVISION BY CONSENT. Authorizes the board, to approve and order the division of the district without an election if certain conditions are met. Provides that, if the board orders the division without an election, the district is divided as of the date of the order.

Sec. 8111.104. NOTICE OF DIVISION. Requires the district, by a certain date, to provide written notice of the plan for division to certain parties.

Sec. 8111.105. DISTRICT NAMES FOLLOWING DIVISION. Provides that the area designated by the board as the original district retains the name of the original district, and that the resulting new districts are assigned consecutive letters to be appended to the name of the original district.

Sec. 8111.106. ELECTION OF DIRECTORS OF NEW DISTRICTS. (a) Requires the board, after a division under this subchapter, to continue to act as the board of the original district.

(b) Requires the board, by a certain date, to appoint five directors for each of the other new districts.

(c) Provides that the directors of the original district serve the staggered terms to which they were elected before the subdivision. Provides that the newly appointed directors serve until a certain date.

(d) Requires an election to be held to elect five directors in each district for which directors were appointed under Subsection (b), on the uniform election date in May of the first even-numbered year after the year in which the directors are appointed. Requires the directors to draw lots to determine which two shall serve two-year terms and which three shall serve four-year terms.

(e) Provides that, except as provided by Subsection (d), directors serve staggered four-year terms. Requires the appropriate number of directors to be elected on a certain date.

Sec. 8111.107. CONTINUING POWERS AND OBLIGATIONS OF NEW DISTRICTS. Provides that each new district may incur and pay debts and has all powers of the original district created by this chapter. Provides that, if the district is divided as provided by this subchapter, the current obligations and any bond authorizations of the district are not impaired. Requires debts to be paid by revenues or by taxes or assessments imposed on real property in the district as if the district had not been divided or by contributions from each new district as stated in the terms set by the board. Requires that any other district obligation be divided pro rata among the new districts on an acreage basis or on other terms that are satisfactory to the new districts.

Sec. 8111.108. CONTRACT AUTHORITY OF NEW DISTRICTS. Authorizes the new districts to contract with each other for water and wastewater services or any other matter the boards of the new districts consider appropriate.

Sec. 8111.109. ANNEXATION. Authorizes a municipality to annex the original district, or a new district that is created as a result of a division of the district, only after certain conditions are met.

SECTION 2. Sets forth the initial boundaries of the district.

SECTION 3. Provides that all requirements of the constitution and laws of this state and rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 4. Effective date: September 1, 2005.