

BILL ANALYSIS

C.S.H.B. 3502
By: Turner
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

C.S.H.B. 3502 creates Harris County Municipal Utility District No. 406 (the “District”). Currently, the land located within the boundaries of the proposed District is undeveloped. The territory of the District would lie within the extraterritorial jurisdiction of the City of Houston and Harris County.

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. Amends Subchapter F, Title 6, Special District Local Laws Code, by adding Chapter 8149, as follows:

CHAPTER 8149. HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 406

Subchapter A. General Provisions

Sec. 8149.001. DEFINITIONS. Defines “Board,” “City,” “Director,” and “District.”

Sec. 8149.002. NATURE OF DISTRICT. Provides that the District is a municipal utility district created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8149.003. CONFIRMATION ELECTION REQUIRED. Requires the Board to hold an election to confirm the creation of the District as provided by Section 49.102, Water Code.

Sec. 8149.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. Provides that all land and other property included in the District will benefit from the improvements and services to be provided by the District. Provides that the District is created for the same purposes as a municipal utility district and to exercise certain road powers.

Sec. 8149.005. INITIAL DISTRICT TERRITORY. Provides that the District is initially composed of territory described by Section 2 of the Act creating this chapter and finds that a mistake in the field notes does not affect the District’s validity or powers.

Sec. 8149.006. APPLICABILITY OF OTHER LAW. Provides that, except as otherwise provided by this chapter, Chapters 49 and 54, Water Code, apply to the District.

Subchapter B. Board of Directors

C.S.H.B. 3502 79(R)

Sec. 8149.051. BOARD OF DIRECTORS; TERMS. Sets forth the number and terms of directors of the Board.

Sec. 8149.052. ELECTION OF DIRECTORS. Requires that the appropriate number of directors be elected on the uniform election date in May of each even-numbered year.

Sec. 8149.053. INITIAL DIRECTORS. Provides the names of the initial directors of the Board for the District and sets forth guidelines for the expiration of the terms of the initial directors.

Subchapter C. General Powers and Duties

Sec. 8149.101. GENERAL POWERS AND DUTIES. Provides that the District has the powers and duties necessary to accomplish the purposes for which the District is created.

Sec. 8149.102. 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. 8149.103. ROAD PROJECTS. Authorizes the District to construct, acquire, improve, maintain or operate macadamized, graveled, or paved roads or turnpikes in the District.

Sec. 8149.104. MUNICIPAL OR COUNTY CONSENT AND STANDARDS. Requires the District to obtain the consent of the municipality in whose jurisdiction the District is located prior to undertaking any road project. If the district is located outside the extraterritorial jurisdiction of a municipality, the district must obtain the consent of the county by ordinance or resolution. Requires road projects to meet applicable construction standards, zoning and subdivision requirements, and regulatory ordinances.

Sec. 8149.105. COMPLIANCE WITH MUNICIPAL CONSENT ORDINANCES OR RESOLUTIONS. Requires the District to comply with the applicable requirements of any ordinance or resolution adopted by the city council of the City of Houston that consents to the creation of the District or to the inclusion of lands within the District.

Section 8149.106. LIMITATION ON USE OF EMINENT DOMAIN. Authorizes the District to exercise the power of eminent domain outside the District only to acquire easements necessary for underground water and sewage and drainage facilities to serve the District.

Subchapter D. General Financial Provisions

Sec. 8149.151. ELECTIONS REGARDING TAXES OR BONDS. Sets forth the types of district obligations that require elections prior to issuance and those that may be issued without an election.

Sec. 8149.152. AD VALOREM TAX. Authorizes the District to levy an ad valorem tax, if authorized at an election, and to determine the applicable tax rate.

Subchapter E. Bonds or Other Obligations

Sec. 8149.201. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS. Authorizes the District to issue bonds, notes, or other obligations to pay for authorized purposes of the District.

Sec. 8149.202. TAXES FOR BONDS AND OTHER OBLIGATIONS. Requires the District to impose a direct annual ad valorem tax to pay for bonds or other obligations.

Sec. 8149.203. AUTHORITY OF TEXAS COMMISSION ON ENVIRONMENTAL QUALITY OVER ISSUANCE OF DISTRICT BONDS. Provides that Sections 49.181 and 49.182, Water Code, do not apply to road projects undertaken by the District under Section 8149.103 of this chapter or to bonds issued to finance road projects.

SECTION 2. Sets forth the geographical boundaries of the District.

SECTION 3. Sets forth legislative findings regarding the fulfillment of procedural requirements with respect to the notice, introduction, and passage of the Act.

SECTION 4. Provides that the effective date of the Act will be upon passage or September 1, 2005.

EFFECTIVE DATE

The Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If the Act does not receive the vote necessary for immediate effect, the Act will take effect on September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substantive changes to the Committee Substitute to House Bill No. 3502 ("C.S.H.B. 3502") may be summarized as follows:

C.S.H.B. 3502 modifies the nature of the District by deleting certain references to Section 52 and 52-a, Article III, Texas Constitution and Section 1-g, Article VIII, Texas Constitution in Sections 8149.002 and 8149.004 of the chapter, respectively.

C.S.H.B. 3502 modifies the road powers that may be exercised by the District, including the requirements for issuing bonds to finance road projects and the scope of the Texas Commission on Environmental Quality's authority over the issuance of such bonds.

C.S.H.B. 3502 removes any tax increment reinvestment zone powers.

C.S.H.B. 3502 deletes provisions from House Bill No. 3502 requiring the liberal construction of the chapter and authorizing the District to issue bonds payable from certain contracts, and adds provisions requiring the District, to obtain municipal or county consent and to comply with municipal or county ordinances or resolutions and limiting the District's ability to exercise the power of eminent domain.