

BILL ANALYSIS

C.S.H.B. 3577
By: Eiland
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Galveston County Municipal Utility District No. 67 (the **ADistrict@**) will encompass an area of land inside of the corporate boundaries of the City of Texas City, Galveston County, Texas. The land to be located within the District will be developed into single family residential and commercial development; therefore, 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, or construct facilities for such services to serve the future occupants of the land utilizing tax exempt bonds. C.S.H.B. No. 3577 provides regulations regarding the creation, administration, powers, duties, operation, and financing of the District.

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. Adds Chapter 8151 to Subtitle F, Title 6, Special District Local Laws Code, as follows:

SUBCHAPTER A. GENERAL PROVISIONS.

SECTION 8151.001. DEFINITIONS. Defines **Aboard,@Adirector,@** and **ADistrict.@**

SECTION 8151.002. NATURE OF DISTRICT. Provides that a district to be known as the Galveston County Municipal Utility District No. 67 (the **ADistrict@**), is created in Galveston County. Provides that the district is essential to accomplish the purposes of Section 52, Art. III, and Section 59, Art. XVI, Texas Constitution.

SECTION 8151.003. CONFIRMATION ELECTION REQUIRED. Provides that if the creation of the District is not confirmed at a confirmation election held under Section 8151.023 before September 1, 2007, the District is dissolved except that (a) any debts incurred shall be paid; (b) any assets that remain after the payment of debts shall be transferred to Galveston County; and (c) the organization of the District shall be maintained until all debts are paid and remaining assets are transferred. Provides that in the event of the dissolution of the District as provided in this section, the Chapter expires on September 1, 2010.

SECTION 8151.004. INITIAL DISTRICT TERRITORY. Provides that the District is initially composed of the territory described by Section 2 of the Act. Sets forth legislative findings relating to the boundaries of the District.

SUBCHAPTER A-1. TEMPORARY PROVISIONS.

SECTION 8151.021. TEMPORARY DIRECTORS. Provides that on or after the effective date of this Act, a person who owns land in the District may submit a petition to the Texas Commission on Environmental Quality requesting that the Commission appoint as temporary directors the five persons named in the petition. Provides that the Commission shall appoint as temporary directors the five persons named in the petition. Provides that the Commission shall appoint a person to fill a vacancy if a temporary director fails to qualify for office. Provides that

as soon as practicable after all of the temporary directors have qualified, the temporary directors shall meet and elect officers from among their membership. Provides that the temporary directors shall serve until the earlier of the date directors are elected under Section 8151.023 or the date this Chapter expires.

SECTION 8151.022. ORGANIZATIONAL MEETING OF TEMPORARY DIRECTORS. Provides that the temporary directors shall meet at a location in the District agreeable to a majority of the directors as soon as practicable after all the temporary directors have qualified under Section 49.055, Water Code. Provides that if a location for the meeting cannot be agreed upon, the meeting shall be held at the Galveston County Courthouse. Provides that the temporary directors shall elect officers from among the temporary directors and conduct any other District business at the meeting.

SECTION 8151.023. CONFIRMATION AND INITIAL DIRECTORS= ELECTION. Provides that the temporary board of directors shall call and hold an election to confirm the establishment of the District and to elect five initial directors in the manner provided by Section 49.102, Water Code.

SECTION 8151.024. INITIAL ELECTED DIRECTORS; TERMS. Provides that the temporary directors elected under Section 8151.023 shall draw lots to determine which two shall serve until the first regularly scheduled election of directors under Section 8151.052 and which three shall serve until the second regularly scheduled election of directors.

SECTION 8151.025. EXPIRATION OF SUBCHAPTER. Provides that this Subchapter expires September 1, 2010.

SUBCHAPTER B. BOARD OF DIRECTORS.

SECTION 8151.051. DIRECTORS; TERMS. Provides that the District is governed by a board of five directors. Provides that the directors serve staggered four-year terms.

SECTION 8151.052. ELECTION OF DIRECTORS. Provides that the appropriate number of directors shall be elected on the uniform election date in May of each even-numbered year.

SUBCHAPTER C. POWERS AND DUTIES.

SECTION 8122.101 GENERAL POWERS. Provides that the District has all of the rights, powers, privileges, authority, functions, 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.

SECTION 8151.102. ROAD PROJECTS. Provides that the District may construct, acquire, improve, maintain, or operate macadamized, graveled, or paved roads or turnpikes, or improvements in aid of those roads or turnpikes, inside the District. Provides that a road project must meet all applicable construction standards, zoning and subdivision requirements, and regulatory ordinances of the municipality in whose corporate boundaries or extraterritorial jurisdiction the district is located or the county in whose jurisdiction the district is located, if the district is located outside the extraterritorial jurisdiction of a municipality. Provides that the district may not undertake a road project unless each municipality or county in whose jurisdiction the district is located consents by ordinance or resolution.

SECTION 8151.103. LIMITATION ON USE OF EMINENT DOMAIN. Provides that the District may exercise eminent domain outside the District only to acquire an easement necessary for a pipeline that serves the District.

SECTION 8151.104. COMPLIANCE WITH MUNICIPAL CONSENT ORDINANCES OR RESOLUTIONS. Provides that, subject to the limitations of Section 54.016, Water Code, the District shall comply with all valid and applicable requirements of an ordinance or resolution adopted by the City Council of the City of Texas City, including an ordinance or resolution adopted before September 1, 2005, that consents to the creation of the District or to the inclusion of lands within the District.

SECTION 8151.105 DIVISION OF DISTRICT. Provides that the District may divide into two or more Districts as provided by Section 53.029, Water Code, if the District has no outstanding bonded debt or has not imposed an ad valorem tax.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS.

SECTION 8151.151. TAX TO REPAY BONDS. Provides that the District may impose a tax to pay the principal of or interest on bonds issued under Section 8151.201.

SECTION 8151.152. UTILITY PROPERTY EXEMPT FROM IMPACT FEES AND ASSESSMENTS. Provides that the District may not impose an impact fee or assessment on the property, including the equipment, rights-of-way, facilities, or improvements, of an electric utility or power generation company, a gas utility, a telecommunications provider, a cable operator or a person who provides to the public advanced telecommunications service.

SUBCHAPTER E. BONDS.

SECTION 8151.201. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS. Provides that the District may issue bonds or other obligations as provided by Chapters 49 and 54, Water Code, to finance the construction, maintenance or operation of projects under Sections 8151.101 and 8151.102. Provides that the District may not issue such bonds to finance projects authorized by Section 8151.102 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. Provides that such bonds or other obligations issued or incurred to finance projects authorized by Section 8151.102 may not exceed one-fourth of the assessed value of the real property in the District. Provides that Sections 49.181 and 49.182, Water Code, do not apply to a project undertaken by the District under Section 8151.102 or to bonds issued by the District to finance the project.

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

SECTION 3. FINDINGS RELATED TO PROCEDURAL REQUIREMENTS. Provides that proper and legal notice setting forth the general substance of this Act has been published as provided by law. Provides that the notice and a copy of this Act have been furnished to all persons, agencies, officials, or entities to which they are required to be furnished under Section 59, Article XVI, Texas Constitution, and Chapter 313, Government Code. Provides that the Governor has submitted the notice and Act to the Texas Commission on Environmental Quality. Provides that the Texas Commission on Environmental Quality has filed its recommendations relating to this Act with the Governor, Lieutenant Governor, and Speaker of the House of Representatives within the required time. 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 have been fulfilled and accomplished.

EFFECTIVE DATE

Provides that the effective date is September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 3577 provides a new Section 8151.101 defining general Municipal Utility District powers under Chapters 49 and 54, Water Code and a revised Section 8151.201 regarding the authority to issue bonds and other obligations to confirm that the District may issue bonds or other obligations as provided by Chapters 49 and 54, Water Code, to finance the construction, maintenance or operation of projects permitted by the bill.

The substitute renumbers Section 8151.101 to Section 8151.102 (Road Powers) to provide for the financing of roads only inside the District and to include Section (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 District is located. If the District is located outside the extraterritorial jurisdiction

C.S.H.B. 3577 79(R)

of a municipality, a road project must meet all applicable construction standards, zoning and subdivision requirements, and regulatory ordinances of each county in which the District is located; (c) the District may not undertake a road project unless each municipality in whose corporate limits or extraterritorial jurisdiction the District is located consents by ordinance or resolution. If the District is located outside the extraterritorial jurisdiction of a municipality, the District may not undertake a road project unless each county in which the District is located consents by ordinance or resolution.

The substitute renumbers Section 8151.102 to Section 8151.104.

The substitute adds Section 8151.103 (LIMITATION ON EMINENT DOMAIN) providing that the District may exercise eminent domain outside its boundaries only to acquire an easement necessary for a pipe line that serves the District.

The substitute renumbers 8151.104 to 8151.105.

The substitute adds Section 8151.152 to provide that the District may not impose an impact fee or assessment on the property, including the equipment, rights-of-way, facilities, or improvements, of an electric utility or power generation company, a gas utility, a telecommunications provider, a cable operator or a person who provides to the public advanced telecommunications service.