

## **BILL ANALYSIS**

C.S.H.B. 3586  
By: Krusee  
Natural Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

C.S.H.B. 3586 creates the Williamson County Municipal Utility District No. 22, and enumerates its powers, duties and obligations.

In 1925, The Legislature enacted its first law to authorize the creation of water control and improvement districts. Article 16, Section 59, of the Texas Constitution authorized such entities to have unlimited taxing authority and to issue debt backed by such taxes in order to construct public infrastructure to control and use water beneficially. The Water Code now authorizes approximately 13 different types of water districts to deal with surface water usage.

C.S.H.B. 3586 proposes the creation of a municipal utility district (“MUD”) to be located entirely in Williamson 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.**

This Act adds Chapter 8135 to the Special Districts Local Laws Code, which shall be titled the Williamson County Municipal Utility District No. 22.

Subchapter A defines the General Provisions that will apply to the new district. Definitions are provided and the governing Constitutional provisions.

A requirement for a confirmation election is provided. The confirmation election section expires September 1, 2010. The district is dissolved without a successful confirmation election held by September 1, 2007. In the event the district is dissolved under this section, debt will be paid and assets will be transferred to Williamson County.

The land to be included in the district is described in Section 2 of bill. The filed notes shall be deemed to form a closure, and a mistake in the field notes shall not affect the validity of the district.

Subchapter A-1 sets forth temporary provisions that will authorize and regulate the activities of the district until the district is confirmed by the voters. The temporary directors are named and qualification for service is provided. If a temporary director fails to qualify, the remaining directors shall appoint a person to the vacancy. If at any time there are fewer than three qualified temporary directors, the TCEQ shall appoint persons to fill the remaining vacancies.

The temporary directors shall hold an election to confirm the creation of the district and to elect five initial directors. The voters may also authorize at this election an issuance of bonds, a maintenance tax or a tax to fund payments required under contract. Section 41.001(a), Election Code does not apply to the confirmation and initial directors elections.

Initial directors will draw lots to determine terms of service.

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This subchapter expires September 1, 2010.

Subchapter B provides that five directors shall serve staggered four-year terms with elections held on the uniform May election date in even-numbered years.

Subchapter C sets forth the district's Powers and Duties including powers and duties provided to a MUD under Chapters 30, 49, and 54, Water Code. Road projects may be undertaken to the extent authorized by Section 52, Article III, Texas Constitution. Road projects must meet all applicable standards set forth by the municipality or county in the case of territory located outside the extraterritorial jurisdiction of a municipality. A municipality or county must consent by ordinance or resolution before the District undertakes a road project.

The District may exercise its power of eminent domain outside the district only in instances to obtain an easement for a pipeline that serves the district.

Provides that the district must comply with the municipal ordinances of the City of Hutto that apply to the extraterritorial jurisdiction of the City unless the governing body of the City waives compliance.

Subchapter D. Before the district issues debt secured by taxes or net revenues, the district may be divided into two or more new districts of at least 100 acres each. The division must be based on a resolution passed by the Board and is subject to approval by the City of Hutto. The Board shall set the terms of the division, including a plan for payment or performance of any outstanding district obligations and a metes and bounds description for each new district.

The Board shall hold an election to determine whether the district should be divided as proposed. The Board shall give notice at least 20 days before the date of the election. Upon a majority vote, the district is divided and not later than the 30<sup>th</sup> day after date of the election the district shall provide notice of the division to the TCEQ, the Attorney General, the commissioners court of each county in which a new district is located and any municipality having extraterritorial jurisdiction in any new district. The resulting districts are named by assigned consecutive letters to be appended to the name of the original district. Not later than the 90<sup>th</sup> day after the date of the division election, the Board shall appoint itself as the Board of one of the new districts to serve the same terms as they originally served before the division, and appoint five directors of each new district who need not own land or reside in the district who shall serve until the uniform election date in May of the first even numbered year after the year in which the directors are appointed. After the May election, of the five directors in each district, the three directors receiving the greatest number of votes shall serve until the second regularly scheduled election of directors, and the other two directors until the first regularly scheduled election.

Each new district may incur and pay debts and has all the powers of the original district created by this chapter. If the district is divided, any bond authorizations remain in place. Debts shall be paid by revenues or by taxes or assessments imposed on real property as if the district had not been divided or by contributions from each new district as stated in the terms set by the Board. Any other obligation shall be divided pro rata among the new districts on an acreage basis or on other terms that are satisfactory to the new districts. The new districts may contract with each other for water and wastewater services, or any other matters the Boards consider appropriate. A new district may issue bonds payable wholly or partially from ad valorem taxes and/or impose a maintenance tax on the approval of a majority of residents voting in an election called and held for that purpose.

## SECTION 2.

SETS FORTH THE METES AND BOUNDS OF THE LAND INITIALLY TO BE WITHIN THE DISTRICT, ENCOMPASSING A 424.3675ACRE TRACT.

## SECTION 3.

PROVISIONS RELATING TO NOTICE REQUIRED BY CONSTITUTION FOR LOCAL LAW, AND CONFIRMING ALL SUCH ACTS FULFILLED.

SECTION 4.

Effective date clause

**EFFECTIVE DATE**

September 1, 2005.

**COMPARISON OF ORIGINAL TO SUBSTITUTE**

The substituted bill in Subchapter C deleted the powers and duties granted to municipal management districts under Chapter 375, Local Government Code and those granted to a county management district under Chapter 383, Local Government Code. The substitute sets forth certain instances where the district may undertake road projects and the limited circumstances under which the District may utilize its power of eminent domain for territory located outside the District. In Subchapter D, the substitute clarifies that division of the District is subject to approval of the City of Hutto.