

BILL ANALYSIS

Senate Research Center

S.B. 1660
By: Carona
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AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The purpose of this bill is to increase the efficiencies and cost effectiveness of the use of public financing of urban development. Current law allows for the development of water, sewer, and drainage infrastructure by use of special districts that are authorized to impose ad valorem taxes and to issue tax exempt bonds that are secured by a pledge of such taxes. Current law also allows certain types of special districts the authority to build, acquire, or finance roads and streets. The districts that currently have authority to build and maintain arterial roads and feeders are (1) those districts created under Chapter 54, Water Code, which are authorized to request such authority from the Texas Commission on Environmental Quality (TCEQ), and (2) land developments in counties adjacent to Dallas County, which have authority to acquire, build and maintain streets and roads. This bill will extend the authority for street and road financing to land developments located in areas of the State other than Harris County and its surrounding counties, avoid the time and expense of an application to the TCEQ, and make uniform the ability of districts covered by the Act to build streets in addition to arterials and feeder roads.

Harris County and those counties that surround it are subject to extensive rainfall and subsidence, and must spend large amounts of money on drainage control and improvements, so that special districts there cannot absorb the costs related to roads at a tax rate that is competitive in the real estate market. In addition, Harris, Montgomery, and Fort Bend counties are urban. These counties are accustomed to building and maintain urban-quality roads.

In contrast, many counties near the Dallas-Fort Worth metroplex are rural in nature. These counties do not have expertise to build suburban and urban-quality roads and streets and do not have the wealth to perform maintenance duties. These counties need and desire the subdivisions themselves to acquire, build, and maintain their own streets and roads, as is being accomplished with water, sewer, and drainage.

S.B. 1660 controls the expansion of road-building powers by limiting applicability of the power to only districts created under Chapter 54, Water Code. In addition, an election is required before road district powers are acquired at which a two-thirds vote must be obtained. Moreover, in compliance with existing constitutional limitations, the total amount of debt issues may not exceed one-fourth of the assessed valuation of real property in the district.

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 Subchapter D, Chapter 54, Water Code, by adding Section 54.2341, as follows:

Sec. 54.2341. ACQUIRING ROAD DISTRICT POWERS. Provides that this section does not apply to a municipal utility district (district) located in a county that has a population of 3.3 million or more or is adjacent to a county that has a population of 3.3 million or more.

(b) Authorizes the board of a district covered by this section to order an election to be held in the district to determine whether the district should assume the rights, authority, privileges, and functions of a road district under Section 52(b)(3)

(pertaining to the construction, maintenance and operation of macadamized, graveled, or paved roads and turnpikes), Article III, Texas Constitution. Requires the election to be ordered, conducted, and the results canvassed in the manner provided by the applicable provisions of this chapter and the Election Code. Requires the ballots for the election to be printed to provide for voting for or against a specific proposition. Requires the district to assume the rights, authority, privileges, and functions of a road district operating under Section 52(b)(3), Article III, Texas Constitution, Chapter 257 (Road Districts), Transportation Code, and other general laws of this state relating to road districts if a majority of the persons voting in the election vote in favor of the proposition.

(c) Prohibits a district that has adopted the rights, authority, privileges, and functions of a road district in the manner provided by Subsection (b) from issuing bonds or otherwise lending its credit for road district purposes except on approval of not less than two-thirds of the qualified voters of the district voting at an election called and held for that purpose. Prohibits the total amount of bonds, notes, and other obligations of the district issued or incurred under this subsection from exceeding one-fourth of the assessed valuation of real property in the district.

(d) Authorizes a district that has adopted the rights, authority, privileges, and functions of a road district in the manner provided by Subsection (b) to reimburse expenditures as provided by Sections 257.003(a) and (b), Transportation Code, without any additional approval under Section 257.003 (Acquisition of Roads), Transportation Code, following approval of a construction contract by the board.

(e) Requires bonds issued by a district under this section for road purposes to be subject to review only by the attorney general. Requires the attorney general to review the bonds according to the procedures set out in Section 49.184 (Approval of Bonds by Attorney General; Registration of Bonds).

(f) Authorizes a district that has adopted the rights, authority, privileges, and functions of a road district in the manner provided by Subsection (b) to acquire by condemnation any land, easements, or other property, inside the district boundaries, for a district road project.

(g) Requires a district that has adopted the rights, authority, privileges, and functions of a road district in the manner provided by Subsection (b) to maintain all roads constructed or purchased by the district, unless the county or another political subdivision assumes responsibility for maintaining the roads.

SECTION 2. Effective date: upon passage or September 1, 2005.