

## BILL ANALYSIS

Senate Research Center

S.B. 1823  
By: Wentworth  
Natural Resources  
7/12/2005  
Enrolled

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

S.B. 1823 creates the Schertz Municipal Utility District No. 1 (district) and sets forth the regulations regarding the administration, powers, duties, operation, and financing of the district. The district is wholly located within the corporate boundaries of the City of Schertz and is subject to a confirmation election.

### 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 8128, as follows:

#### CHAPTER 8128. SCHERTZ MUNICIPAL UTILITY DISTRICT NO. 1

##### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8128.001. DEFINITIONS. Defines "board," "director," and "district."

Sec. 8128.002. NATURE OF DISTRICT. Provides that the Schertz County Municipal Utility District No. 1 (district) is a municipal utility district in Bexar County created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8128.003. CONFIRMATION ELECTION REQUIRED. Provides that, if the creation of the district is not confirmed at a confirmation election held under Section 8128.022 before September 1, 2007, certain actions regarding the district will occur.

Sec. 8128.004. 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 in the legislative process does not affect certain aspects of the district and the board of directors of the district (board).

Sec. 8128.005. APPLICABILITY OF OTHER LAW. Provides that, except as otherwise provided by this chapter, Chapters 30 (Regional Waste Disposal), 49 (Provisions Applicable to All Districts), and 54 (Municipal Utility Districts), Water Code, apply to the district.

[Reserves Sections 8128.006-8128.020 for expansion.]

##### SUBCHAPTER A-1. TEMPORARY PROVISIONS

Sec. 8128.021. TEMPORARY DIRECTORS. (a) Sets forth the composition of the temporary board.

(b) Provides that temporary directors of the district are not required to own land in or be residents of the district.

(c) Requires, if a temporary director fails to qualify for office, the temporary directors who have qualified to appoint a person to fill the vacancy. Requires the Texas Commission on Environmental Quality (TCEQ), if at any time there are fewer than three qualified temporary directors, to appoint the necessary number of persons to fill all vacancies on the board.

(d) Provides that temporary directors serve until the earlier of certain specified dates.

Sec. 8128.022. 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 initial directors as provided by Section 49.102 (Confirmation and Director Election), Water Code.

(b) Authorizes the board, at the confirmation and initial directors' election, to submit to the voters a proposition to authorize the issuance of bonds and the levying and maintenance of certain taxes.

(c) Provides that Section 41.001(a) (relating to the dates of special and general elections), Election Code, does not apply to a confirmation and initial directors' election held under this section.

Sec. 8128.023. INITIAL ELECTED DIRECTORS; TERMS. Requires the directors elected under Section 8128.022 to draw lots to determine which two serve until the first regularly scheduled election of directors under Section 8128.052 and which three serve until the second regularly scheduled election of directors.

Sec. 8128.024. EXPIRATION OF SUBCHAPTER. Provides that this subchapter expires September 1, 2010.

[Reserves Sections 8128.025-8128.050 for expansion.]

#### SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8128.051. DIRECTORS; TERMS. (a) Provides that the district is governed by a board of five directors.

(b) Provides that the directors serve staggered four-year terms.

Sec. 8128.052. 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 8128.053-8128.100 for expansion.]

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

Sec. 8128.101. DIVISION OF DISTRICT; REQUIREMENTS. (a) Authorizes the district, including any annexed territory, at any time before the district issues indebtedness secured by taxes or net revenues, to be divided into two or more new districts.

(b) Requires a new district created by division of the district to be at least 100 acres.

(c) Authorizes the board by resolution to declare an intent to divide the district. Requires the resolution to contain certain information.

Sec. 8128.102. DISTRICT DIVISION BY ELECTION. (a) Requires the board to hold an election in the district to determine whether the district should be divided as proposed under Section 8128.101.

(b) Requires the board to give notice of the election not later than the 35th day before the date of the election. Requires the notice to state certain information.

(c) Provides that the district is divided if a majority of the votes are cast in favor of the division.

(d) Prohibits the district from being divided if less than a majority of the votes are cast in favor of the division.

(e) Provides that the resulting new districts are separate districts and requires the new districts to be governed as separate districts.

Sec. 8128.103. NOTICE OF DIVISION. Requires the district, not later than the 30th day after the date of a division under this subchapter, to provide written notice of the plan for division to certain entities.

Sec. 8128.104. DISTRICT NAMES FOLLOWING DIVISION. Provides that the resulting new districts are assigned consecutive letters to be appended to the name of the original district.

Sec. 8128.105. ELECTION OF DIRECTORS OF NEW DISTRICTS. (a) Requires the board, not later than the 90th day after the date of an election in favor of the division of the district, to make certain appointments.

(b) Provides that a director appointed under Subsection (a)(1) serves the term to which that director was elected in the original district. Sets forth certain conditions regarding the service of a director appointed under Subsection (a)(2).

(c) Requires, on the uniform election date in May of the first even-numbered year after the year in which the directors are appointed, an election to be held to elect five directors in each district for which directors were appointed under Subsection (a)(2). Requires, of the five directors elected in each district, the three directors receiving the greatest number of votes to serve until the second regularly scheduled election of directors under Subsection (d), and the remaining two directors to serve until the first regularly scheduled election of directors.

(d) Provides that, except as provided by Subsection (c), directors serve staggered four-year terms. Requires the appropriate number of directors to be elected on the uniform election date in May of each even-numbered year.

Sec. 8128.106. CONTINUING POWERS AND OBLIGATIONS OF NEW DISTRICTS. (a) Authorizes each new district to incur and pay debts and provides that it has all powers of the original district created by this chapter.

(b) 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 in the plan for division.

(c) Requires any other district obligation to be divided pro rata among the new districts on an acreage basis or on other terms that are satisfactory to the new districts.

Sec. 8128.107. CONTRACT AUTHORITY OF NEW DISTRICTS. Authorizes the new districts to contract with each other for certain services and matters.

Sec. 8128.108. BOND ISSUANCE BY NEW DISTRICT. Authorizes a new district to issue bonds payable wholly or partially from ad valorem taxes on the approval of a majority of the residents voting in an election called and held for that purpose.

Sec. 8128.109. MAINTENANCE TAX APPROVAL FOR NEW DISTRICT. Authorizes a new district to impose a maintenance tax on the approval of a majority of the residents voting in an election called and held for that purpose.

SECTION 2. Sets forth the initial territory included in the district.

SECTION 3. 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 are fulfilled and accomplished.

SECTION 4. Effective date: September 1, 2005.