

BILL ANALYSIS

Senate Research Center
79R11684 SGA-F

S.B. 1828
By: Estes
Intergovernmental Relations
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As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

As proposed, S.B. 1828 creates the Smiley Road Water Control and Improvement District (district) so that water, sewer, drainage, and road improvements can be provided to a 637-acre tract located on the west side of the Denton/Collin County line. All of the land within the district is located in Denton County, outside of the corporate limits or extraterritorial jurisdiction of any city. The City of Celina, the nearest municipality, has provided formal consent, and has voted unanimously in support of the creation of the district.

The proposed district will contain mixed-use development and will abide by the rules and regulations of Denton County. The water, sewer, and drainage bonds of this district will be subject to approval by the Texas Commission on Environmental Quality. The bonds issued for road improvement will be reviewed by the attorney general of Texas. This legislation requires that these bonds be approved by a two-thirds vote at an election within the district and may not exceed 25 percent of the amount of the ad valorem tax base 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 Subtitle I, Title 6, Special District Local Laws Code, by adding Chapter 9001, as follows:

CHAPTER 9001. SMILEY ROAD WATER CONTROL AND IMPROVEMENT DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 9001.001. DEFINITIONS. Defines "board," "director," and "district."

Sec. 9001.002. NATURE OF DISTRICT. Provides that the Smiley Road Water Control and Improvement District (district) is a water control and improvement district in Denton County created under and essential to accomplish the purpose of Section 52 (Counties, Cities or Other Political Corporations or Subdivisions; lending Credit; Grants; Bonds), Article III, and Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI, Texas Constitution. Provides that the district is created to serve a public use and benefit.

Sec. 9001.003. CONFIRMATION ELECTION REQUIRED. Provides that if the creation of the district is not confirmed at a confirmation election held under Section 9001.023 before September 1, 2007, the district is dissolved with certain exceptions. Provides that if the district is not confirmed, this chapter expires September 1, 2010.

Sec. 9001.004. 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 or in copying the field notes in the legislative process does not affect certain aspects of the district.

Sec. 9001.005. **APPLICABILITY OF OTHER LAW.** Provides that Chapters 49 (Provisions Applicable to All Districts) and 51 (Water Control and Improvement), Water Code, apply to the district, except as otherwise provided by this chapter.

[Reserves Sections 9001.006-9001.020 for expansion.]

SUBCHAPTER A1. TEMPORARY PROVISIONS

Sec. 9001.021. **TEMPORARY DIRECTORS.** (a) Provides that the temporary board consists of certain persons.

(b) Requires the Texas Commission on Environmental Quality (TCEQ), if a temporary director fails to qualify for office, to appoint a person to fill the vacancy.

(c) Provides that temporary directors serve until the earlier of a certain date.

Sec. 9001.022. **ORGANIZATIONAL MEETING OF TEMPORARY DIRECTORS.** Requires the temporary directors to meet and elect officers from their memberships as soon as practicable after all the temporary directors have qualified under Section 49.055 (Sworn Statement, Bond, and Oath of Office), Water Code.

Sec. 9001.023. **CONFIRMATION AND INITIAL DIRECTORS' ELECTION.** Requires the temporary directors, before September 1, 2007, to hold an election to confirm the creation of the district and to elect five directors as provided by Section 49.102 (Confirmation and Director Election), Water Code.

Sec. 9001.024. **INITIAL ELECTED DIRECTORS; TERMS.** Requires the directors elected under Section 9001.023 to draw lots to determine which two serve until the first regularly scheduled election of directors under Section 9001.052 and which three serve until the second regularly scheduled election of directors.

Sec. 9001.025. **EXPIRATION OF SUBCHAPTER.** Provides that this subchapter expires September 1, 2010.

[Reserves Sections 9001.026-9001.050 for expansion.]

SUBCHAPTER B. BOARD OF DIRECTORS.

Sec. 9001.051. **DIRECTORS; TERMS.** Provides that the district is governed by a board of five directors who serve staggered four-year terms.

Sec. 9001.052. **ELECTION OF DIRECTORS.** Sets forth staggered election dates for the board members.

[Reserves Sections 9001.053-9001.100 for expansion.]

Sec. 9001.101. **GENERAL PROVISIONS.** Sets forth certain general powers for the district.

Sec. 9001.102. **AUTHORITY TO CONTRACT WITH OWNERS OF REAL PROPERTY IN DISTRICT.** Authorizes the district to enter into a contract with an owner of real property in the district for the construction, acquisition, financing, ownership, maintenance, and operation of a work or project described by Section 9001.101(b).

Sec. 9001.103. **CONTRACTS WITH CITY OF CELINA.** Requires the district to use its best efforts to acquire water, sewer, and other powers permitted by law and, if successful,

to enter into a contract with the City of Celina to provide water, sewer, and other services to the city.

Sec. 9001.104. PROHIBITION ON DIVISION OF DISTRICT. Prohibits the district from dividing into two or more districts in the manner specified by Section 53.029 (Division of or Assumption of Authority by Certain Districts), Water Code.

Sec. 9001.105. VOTER APPROVED ROAD DISTRICT POWERS. (a) Requires the district, if a majority of the voters of the district vote in favor of the district's assumption of road district powers in the manner provided by Section 53.029, Water Code, at an election held for that purpose, to assume the rights, authority, privileges, and functions of a road district as described by Section 9001.101(a)(2).

(b) Authorizes the district, if the voters approve road district powers under Subsection (a), to provide for, or provide aid for, the construction, acquisition, financing, maintenance, and operation of macadamized, graveled, or paved roads. Provides that road district powers under this section do not include any powers related to the construction, acquisition, financing, maintenance, or operation of a turnpike or toll road.

(c) Requires the district, if the district assumes road district powers under this section, to obtain the approval of the commissioners court for a construction contract described by Section 257.003(c) (Acquisition of Roads), Transportation Code, notwithstanding Section 53.029(e), Water Code.

(d) Provides that Section 49.182 (Commission Supervision of Projects and Improvements), Water Code, does not apply to a project undertaken by the district under this section.

Sec. 9001.106. ADDITION OF LAND TO DISTRICT. Authorizes the district to add land to the district in the manner provided by Section 49.301 (Adding Land by Petition of Landowner), Water Code, if the owner of the land submits a petition to the district for the addition of the land to the district and the land is adjacent to the territory of the district or is separated from the district only by public land or a right-of-way.

[Reserves Sections 9001.107-9001.150 for expansion.]

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 9001.151. AD VALOREM PLAN OF TAXATION. Requires the district to use the ad valorem plan of taxation, subject to voter approval at an election held in the district for that purpose.

Sec. 9001.152. AD VALOREM TAX FOR ROAD PROJECTS. Authorizes the district to impose an ad valorem tax to pay the principal of or interest on bonds issued under Section 9001.201(b) to finance projects under Section 9001.105.

[Reserves Sections 9001.153-9001.200 for expansion.]

SUBCHAPTER E. BONDS

Sec. 9001.201. AUTHORITY TO ISSUE BONDS. (a) Authorizes the district to issue bonds as provided by Chapter 49 or 51, Water Code, or Section 53.029, Water Code, the general laws of this state, or this section.

(b) Authorize the district, except as provided by Subsection (c) and Section 9001.202, to issue bonds, notes, or other obligations as provided by Section 53.029, Water Code, to finance, or assist in the financing of, projects under Section 9001.105.

(c) Prohibits the district from issuing bonds under Subsection (b) unless the issuance is authorized by two-thirds of the district's voters voting at an election called for that purpose.

(d) Provides that Section 49.181 (Authority of Commission Over Issuance of District Bonds), Water Code, does not apply to a bond issued by the district under Section 53.029 (Division of or Assumption of Authority by Certain Districts), Water Code.

Sec. 9001.202. LIMIT ON BONDS AND OTHER OBLIGATIONS. (a) Prohibits bonds, notes, or other obligations issued or incurred by the district under Section 53.029, Water Code, from exceeding one-fourth of the assessed value of the real property in the district.

(b) Prohibits the district from issuing bonds until a development agreement between the City of Celina and the district has been signed.

Sec. 9001.203. USE OF BOND PROCEEDS. Authorizes the district to use proceeds from the sale of bonds to acquire improvements or facilities from a private water supply corporation to provide water or sanitary sewer services to territory in the district; or to provide services described by Section 9001.101(b).

SECTION 2. Sets forth the initial boundaries of the district.

SECTION 3. (a) Provides that the legal notice of the intention to introduce this Act, setting forth the general substance of this Act, has been published as provided by law, and 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.

(b) Provides that the governor, one of the required recipients, has submitted the notice and Act to TCEQ.

(c) Provides that TCEQ has filed its recommendations relating to this Act with certain state elected officials within the required time.

(d) 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: upon passage or September 1, 2005.