

By: Carona

S.B. No. 1660

A BILL TO BE ENTITLED

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AN ACT

relating to the assumption of road district powers and duties by certain municipal utility districts; authorizing bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 54, Water Code, is amended by adding Subchapter I to read as follows:

SUBCHAPTER I. ROAD DISTRICT POWERS AND DUTIES

Sec. 54.771. APPLICABILITY. This subchapter does not apply to a district located in a county that:

(1) has a population of 3.3 million or more; or

(2) is adjacent to a county that has a population of 3.3 million or more.

Sec. 54.772. AUTHORITY; ELECTION TO ASSUME ROAD DISTRICT POWERS. (a) A board may order an election to be held in a district to determine whether the district assumes the powers and duties of a road district under Section 52(b)(3), Article III, Texas Constitution.

(b) The ballot for the election must be printed to provide for voting for or against the assumption by the district of the powers and duties of a road district under Section 52(b)(3), Article III, Texas Constitution.

(c) If a majority of the persons voting in the election vote in favor of the proposition, the district assumes the powers and duties of a road district operating under:

1 (1) Section 52(b)(3), Article III, Texas
2 Constitution; and

3 (2) other general law of this state applicable to road
4 districts.

5 Sec. 54.773. BONDS; ELECTION. (a) A district that has
6 assumed road district powers under this subchapter may not issue
7 bonds or otherwise lend its credit for road district purposes
8 except on approval of two-thirds or more of the voters of the
9 district voting at an election held for that purpose.

10 (b) The total amount of bonds and other obligations of the
11 district issued or incurred under this section may not exceed
12 one-fourth of the assessed valuation of real property in the
13 district.

14 (c) The attorney general may approve the bonds under Section
15 49.184 only if the bonds meet the requirements of Section 54.774.

16 Sec. 54.774. LIMITATION ON ISSUANCE OF BONDS. (a) A
17 district that has assumed road district powers under this
18 subchapter may issue bonds for road district purposes only if the
19 combined projected tax rate for the district does not exceed \$1.50
20 per \$100 of taxable value and the combined no-growth tax rate for
21 the district does not exceed \$2.50 per \$100 of taxable value.

22 (b) In this section:

23 (1) "Combined projected tax rate" means the sum of:

24 (A) the district's projected debt service tax
25 rate;

26 (B) the projected debt service tax rate of all
27 overlapping political subdivisions that is specifically

1 attributable to water, wastewater, drainage, or roads;

2 (C) an equivalent surcharge tax rate for any
3 water or wastewater surcharge paid by the district;

4 (D) any municipal tax rate, other than the
5 municipality's debt service tax rate, specifically attributable to
6 water, wastewater, or drainage;

7 (E) any current or proposed maintenance tax rate
8 of the district or an overlapping political subdivision; and

9 (F) any contract tax rate, less any equivalent
10 tax rebate or other payment.

11 (2) "Combined no-growth tax rate" means the sum of:

12 (A) the district's no-growth debt service tax
13 rate;

14 (B) the no-growth debt service tax rate of all
15 overlapping political subdivisions that is specifically
16 attributable to water, wastewater, drainage, or roads;

17 (C) an equivalent surcharge tax rate for any
18 water or wastewater surcharge paid by the district;

19 (D) any municipal tax rate, other than the
20 municipality's debt service tax rate, specifically attributable to
21 water, wastewater, or drainage;

22 (E) any current or proposed maintenance tax rate
23 of the district or an overlapping political subdivision; and

24 (F) any contract tax rate, less any equivalent
25 tax rebate or other payment.

26 (3) "No-growth debt service tax rate" means a debt
27 service tax rate for future years calculated based on the

1 applicable current taxable valuation.

2 (4) "Projected debt service tax rate" means a debt
3 service tax rate for future years calculated based on the
4 applicable projected taxable valuation for each year.

5 (c) The calculation of tax rates under this section, other
6 than projected tax rates, must be based on the most recent taxable
7 values certified by the appropriate appraisal district. The
8 calculation of projected tax rates must be based on projected
9 increases in those taxable values.

10 Sec. 54.775. REIMBURSEMENT OF CONSTRUCTION CONTRACT
11 EXPENSES. A district that has assumed road district powers under
12 this subchapter may, following approval of a construction contract
13 by the board, reimburse expenditures without obtaining any
14 additional approval.

15 Sec. 54.776. MAINTENANCE OF ROADS. A district that has
16 assumed road district powers under this subchapter shall maintain
17 all roads constructed or purchased by the district unless the
18 county or another political subdivision assumes responsibility for
19 maintaining the roads.

20 Sec. 54.777. APPLICABILITY OF OTHER LAW. Sections 49.181
21 and 49.182 do not apply to a road project undertaken by the district
22 or to bonds issued by the district to finance the project.

23 SECTION 2. This Act takes effect immediately if it receives
24 a vote of two-thirds of all the members elected to each house, as
25 provided by Section 39, Article III, Texas Constitution. If this
26 Act does not receive the vote necessary for immediate effect, this
27 Act takes effect September 1, 2005.