

## **BILL ANALYSIS**

H.B. 1401  
By: Dutton  
Committee on Urban Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Harris County Municipal Utility District No. 402 (the "District") encompasses an area of land outside of the corporate limits of any city and within the extraterritorial jurisdiction of the City of Houston, Harris County, Texas. The land located within the District is single family residential and commercial development; therefore, road services need to be secured. It is necessary to empower the District under Chapters 49 (Provisions Applicable to All Districts) and 54 (Municipal Utility Districts), Water Code, in order to purchase, acquire, or construct facilities for such roads to serve the future occupants of the land utilizing tax exempt bonds. It is also necessary to empower the District with authority to impose a tax to repay bonds.

House Bill No. 1401 provides regulations regarding the District having road powers.

### **RULEMAKING AUTHORITY**

It is the opinion of the committee that this bill does not expressly grant any additional rulemaking authority to a State officer, department, agency, or institution.

### **SECTION-BY-SECTION ANALYSIS**

SECTION 1. Amends Subtitle F, Title 6, Special District Local Laws Code, is by adding Chapter 8198 to read as follows:

CHAPTER 8198. HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 402

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8198.001. DEFINITION. "District" means Harris County Municipal Utility District No. 402. Sec. 8198.002. NATURE OF DISTRICT. The district is a municipal utility district in Harris County created under and essential to accomplish the purposes of Section 52(b)(3), Article III, or Section 59, Article XVI, Texas Constitution.

Sec. 8198.003. APPLICABILITY OF OTHER LAW. Except as otherwise provided by this chapter, Chapters 49 and 54, Water Code, apply to the district.

[Sections 8198.004-8198.050 reserved for expansion]

SUBCHAPTER B. POWERS AND DUTIES

Sec. 8198.051. ROAD PROJECTS.

(a) The district may construct, acquire, improve, maintain, or operate macadamized, graveled, or paved roads or turnpikes, or improvements in aid of those roads or turnpikes, inside the district.

(b) A road project must meet all applicable construction standards, zoning and subdivision requirements, and regulations of:

(1) each municipality in whose corporate limits or extraterritorial jurisdiction the district is located; and

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(2) each county in which the district is located.

(c) The district may not undertake a road project unless each municipality in whose corporate limits or extraterritorial jurisdiction the district is located consents by resolution.

#### Sec. 8198.052. COMPLIANCE WITH MUNICIPAL CONSENT RESOLUTIONS.

The district shall comply with all applicable requirements of any resolution, adopted by the governing body of a municipality, that consented to the creation of the district or to the inclusion of land in the district.

[Sections 8198.053-8198.100 reserved for expansion]

### SUBCHAPTER C. GENERAL FINANCIAL PROVISIONS

#### Sec. 8198.101. TAX TO REPAY BONDS FOR ROAD PROJECTS.

The district may impose a tax to pay the principal of or interest on bonds issued under Section 8198.151.

[Sections 8198.102-8198.150 reserved for expansion]

### SUBCHAPTER D. BONDS

#### Sec. 8198.151. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS FOR ROAD PROJECTS.

(a) The district may issue bonds or other obligations as provided by Chapters 49 and 54, Water Code, to finance the construction, maintenance, or operation of projects under Section 8198.051.

(b) The district may not issue bonds or other obligations secured wholly or partly by ad valorem taxation to finance projects authorized by Section 8198.051 unless the issuance is approved by a vote of a two-thirds majority of the voters in the district or of the defined areas to be benefitted by the project as provided by Subchapter J, Chapter 54, Water Code, voting at an election called for that purpose. The simple majority vote approval required by Section 54.808(a), Water Code, does not apply to an election under this subsection.

(c) Bonds or other obligations issued or incurred to finance projects authorized by Section 8198.051 may not exceed one-fourth of the assessed value of the real property in the district or the defined area as provided by Subchapter J, Chapter 54, Water Code.

SECTION 2. (a) 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) The governor, one of the required recipients, has submitted the notice and Act to the Texas Commission on Environmental Quality.

(c) The Texas Commission on Environmental Quality has filed its recommendations relating to this Act with the governor, the lieutenant governor, and the speaker of the house of representatives within the required time.

(d) 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 3. This Act takes effect September 1, 2007.

**EFFECTIVE DATE**

September 1, 2007.