

## **BILL ANALYSIS**

C.S.H.B. 3982  
By: Dutton  
Natural Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Harris Municipal Utility District No. 494 (the “District”) will encompass an area of land inside the corporate limits or extraterritorial jurisdiction of the City of Houston, Texas. The land to be located within the District will be developed into single family residential and commercial development; therefore, water, sewer, drainage and road services need to be secured.

It is necessary to create 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 services 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 and issue bonds and grant the power of eminent domain.

C.S.H.B. 3982 provides regulations regarding the creation, administration, powers, duties, operation, and financing of the District.

### **RULEMAKING AUTHORITY**

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

### **ANALYSIS**

**SECTION 1.** Adds Chapter 8214 to Subtitle F, Title 6, Special District Local Laws Code, to provide:

CHAPTER 8214. HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 494

SUBCHAPTER A. GENERAL PROVISIONS

Section 8214.001. DEFINITIONS. Defines “Board,” “Director,” and “District.”

Section 8214.002. NATURE OF DISTRICT. Provides that a district is a municipal utility district in Harris County created under and essential to accomplish the purposes of Section 52, Article III and Section 59, Article XVI Texas Constitution.

Section 8214.003. CONFIRMATION ELECTION REQUIRED. Provides that if the creation of the district is not confirmed at a confirmation election held under Section 8214.024 before September 1, 2011, (1) the district is dissolved September 1, 2011, except that: (A) any debts incurred shall be paid; (B) any assets that remain after the payment of debts shall be transferred to Harris County; and (C) the organization of the district shall be maintained until all debts are paid and remaining assets are transferred; and (2) this chapter expires September 1, 2014.

Section 8214.004. INITIAL DISTRICT TERRITORY. Provides that the district is initially composed of the territory described by Section 2 of the Act creating this chapter. Provides that the boundaries and field notes contained in Section 2 of the Act creating this chapter form a closure. A mistake made in the field notes or in copying the field notes in the legislative process does not affect: (1) the organization, existence, or validity of the district; (2) the right of the district to impose taxes; (3) the validity of the district’s bonds, notes, or indebtedness; or (4) the legality or operation of the district or the board.

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Sections [8214.005—8214.020 reserved for expansion]

#### SUBCHAPTER A-1. TEMPORARY PROVISIONS

Section 8214.021. TEMPORARY DIRECTORS. Provides that on or after September 1, 2007, a person who owns land in the district may submit a petition to the Texas Commission on Environmental Quality requesting that the Commission appoint as temporary directors the five persons name in the petition. Provides that the commission shall appoint as temporary directors the five persons named in the first petition received by the commission under by the commission under this section. Provides that if a temporary director fails to qualify for office, the commission shall appoint a person to fill the vacancy. Provides that the temporary directors serve until the earlier of: (1) the date directors are elected under Section 8214.023; or (2) the date this chapter expires under Section 8214.003.

Section 8214.022. ORGANIZATIONAL MEETING OF TEMPORARY DIRECTORS. Provides that as soon as practicable after all the temporary directors have qualified under Section 49.055, Water Code, the temporary directors shall meet at a location in the district agreeable to a majority of the directors. At the meeting, the temporary directors shall elect officers from among the temporary directors and conduct any other district business.

Section 8214.023. CONFIRMATION AND INITIAL DIRECTORS' ELECTION. Provides that the temporary directors shall hold an election to confirm the creation of the district and to elect five directors as provided by Section 49.102, Water Code.

Section 8214.024 INITIAL ELECTED DIRECTORS; TERMS. Provides that the directors elected under Section 8214.023 shall draw lots to determine which two shall serve until the first regularly scheduled election of directors and which three shall serve until the second regularly scheduled election of directors.

Section 8214.025. EXPIRATION OF SUBCHAPTER. Provides that this subchapter expires September 1, 2014.

Sections [8214.026—8214.050 reserved for expansion]

#### SUBCHAPTER B. BOARD OF DIRECTORS

Section 8214.051. GOVERNING BODY; TERMS. Provides that the district is governed by a board of five directors. Provides that directors serve staggered four-year terms.

#### SUBCHAPTER C. POWERS AND DUTIES

Section 8214.101. MUNICIPAL UTILITY DISTRICT POWERS AND DUTIES. Provides that the district has the powers and duties provided by the general law of this state, including Chapters 49 and 54, Water Code, applicable to municipal utility districts created under Section 59, Article XVI, Texas Constitution.

Section 8214.102. ROAD PROJECTS. Provides that 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. Provides that 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 (2) if the district is not located in the corporate limits or extraterritorial jurisdiction of a municipality, each county in whose jurisdiction the district is located. Provides that 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.

Section 8214.103. COMPLIANCE WITH MUNICIPAL ORDINANCES OR RESOLUTIONS. Provides that the district shall comply with all applicable requirements of any ordinance or resolution adopted by the governing body of the City of Houston.

Section 8214.104. EFFECT OF ANNEXATION BY CITY OF HOUSTON. Provides that if before the date of the confirmation election, the City of Houston annexes into its corporate limits all territory described by the Act creating this chapter, Section 43.075, Local Government Code, does not apply to the district.

[Sections 8214.105-8214.150 reserved for expansion]

#### SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Section 8214.151. TAX TO REPAY BONDS. Provides that the district may impose a tax to pay the principal of or interest on bonds or other obligations issued under Section 8214.201.

Section 8214.152. UTILITY PROPERTY EXEMPT FROM IMPACT FEES AND ASSESSMENTS. The district may not impose an impact fee or assessment on the property, including the equipment, rights-of-way, facilities, or improvements, of an electric utility or a power generation company as defined by Section 31.002 of the Utilities Code, a gas utility as defined by Section 101.003 or 121.001 of the Utilities Code, a telecommunications provider as defined by Section 51.002 of the Utilities Code, or a person who provides to the public cable television or advanced telecommunications services.

(Sections 8214.153-8214.200 reserved for expansion)

#### SUBCHAPTER E. BONDS

Section 8214.201. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS. Provides that 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 a project under Section 8214.101 or 8214.102. Provides that the district may not issue bonds or other obligations to finance projects authorized by Section 8214.102 unless the issuance is approved by a vote of a two-thirds majority of the district voters voting at an election called for that purpose. Provides that Bonds or other obligations issued or incurred to finance projects authorized by Section 8214.102 may not exceed one-fourth of the assessed value of the real property in the district.

**SECTION 2.** Sets forth the boundaries of the District.

**SECTION 3.** Provides that proper and legal notice setting forth the general substance of this Act has been published as provided by law. Provides that 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. Provides that the Governor has submitted the notice and Act to the Texas Commission on Environmental Quality. Provides that the Texas Commission on Environmental Quality has filed its recommendations relating to this Act with the Governor, Lieutenant Governor, and Speaker of the House of Representatives within the required time. 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 have been fulfilled and accomplished.

**SECTION 4.** This Act takes effect September 1, 2007.

#### **EFFECTIVE DATE**

September 1, 2007.

#### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The substitute adds language not contained in the introduced version to provide that on or after September 1, 2007, a person who owns land in the district may submit a petition to the Texas Commission on Environmental Quality requesting that the Commission appoint as temporary directors the five persons named in the petition. Provides that the Commission shall appoint as

temporary directors the five persons named in the first petition received by the commission under by the commission under this section.

The substitute removes a provision of the introduced version that required the directors to meet at the Harris County Courthouse for an organizational meeting, if a location cannot be agreed upon.

The substitute does not contain a provision contained in the introduced version that prohibited the temporary directors from holding an election until each municipality in whose corporate limits or extraterritorial jurisdiction the district is located has adopted a resolution consenting to the creation of the district.

The substitute adds language not contained in the introduced version providing that if, before the date of the confirmation election, the City of Houston annexes into its corporate limits all territory described by the Act creating this chapter, Section 43.075, Local Government Code, does not apply to the district.

The substitute adds language not contained in the introduced version providing that a district may not impose an impact fee or assessment on the property, including the equipment, right-of-way, facilities, or improvements, of an electric utility or a power generation company as defined by Section 31.002 of the Utilities Code, a gas utility as defined by Section 101.003 or 121.001 of the Utilities Code, a telecommunications provider as defined by Section 51.002 of the Utilities Code, or a person who provides to the public cable television or advanced telecommunications services.