

BILL ANALYSIS

C.S.H.B. 3994
By: King, Phil
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Morning Star Ranch Municipal Utility Districts Nos. 1 and 2 of Parker County (the "District") will encompass an area of land inside the corporate limits and extraterritorial jurisdiction of the City of Fort Worth, 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; granting the power of eminent domain. C.S.H.B. 3994 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

ARTICLE 1. MORNING STAR RANCH MUNICIPAL UTILITY DISTRICT NO. 1

SECTION 1.01. Adds Chapter 8229 to Subtitle F, Title 6, Special District Local Laws Code to read as follows:

CHAPTER 8229. MORNING STAR RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF PARKER COUNTY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8229.001. DEFINITIONS. Defines "Board," "Director," and "District."

Sec. 8229.002. NATURE OF DISTRICT. Provides that the district is a municipal utility district in Parker County created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8229.003. CONFIRMATION ELECTION REQUIRED. Provides that if the creation of the district is not confirmed at a confirmation election held under Section 8229.024 before September 1, 2011: (1) the district is dissolved September 1, 2011, except that the district shall: (A) pay any debts incurred; (B) transfer any assets that remain after the payment of debts to Parker County; and (C) maintain the organization of the district until all debts are paid and remaining assets are transferred; and (2) this chapter expires September 1, 2014.

Sec. 8229.004. INITIAL DISTRICT TERRITORY. Provides that the district is initially composed of the territory described by Section 1.02 of the Act creating this chapter. Provides that the boundaries and field notes contained in Section 1.02 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 board.

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[Sections 8229.005-8229.020 reserved for expansion]

SUBCHAPTER A-1. TEMPORARY PROVISIONS

Sec. 8229.021. **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 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 Subsection (a). Provides that if a temporary director fails to qualify for office, the commission shall appoint a person to fill the vacancy. Provides that temporary directors serve until the earlier of: (1) the date directors are elected under Section 8229.024; or (2) the date this chapter expires under Section 8229.003.

Sec. 8229.022. **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.

Sec. 8229.023. **CONSENT OF MUNICIPALITY REQUIRED.** Provides that the temporary directors may not hold an election under Section 8229.024 until each municipality in whose corporate limits or extraterritorial jurisdiction the district is located, if any, has adopted a resolution confirming its consent to the creation of the district after the effective date of the Act creating this chapter.

Sec. 8229.024. **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.

Sec. 8229.025. **INITIAL ELECTED DIRECTORS; TERMS.** Provides that the directors elected under Section 8229.024 shall draw lots to determine which two shall serve until the first regularly scheduled election of directors under Section 8229.052 and which three shall serve until the second regularly scheduled election of directors.

Sec. 8229.026. **EXPIRATION OF SUBCHAPTER.** Provides that this subchapter expires September 1, 2014.

[Sections 8229.027-8229.050 reserved for expansion]

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8229.051. **DIRECTORS; TERMS.** Provides that the district is governed by a board of five directors. Provides that the directors serve staggered four-year terms.

Sec. 8229.052. **ELECTION OF DIRECTORS.** Provides that on the uniform election date in May of each even-numbered year, the appropriate number of directors shall be elected.

[Sections 8229.053-8229.100 reserved for expansion]

SUBCHAPTER C. POWERS AND DUTIES

Sec. 8229.101. **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.

Sec. 8229.102. **ROAD PROJECTS.** Provides that to the extent authorized by Section 52, Article III, Texas Constitution, the district may construct, acquire, improve, maintain, or operate macadamized, graveled, or paved roads, or improvements in aid of those roads, inside the

district. Provides that a road project must meet all applicable construction standards, zoning and subdivision requirements, and regulatory ordinances of each municipality in whose corporate limits or extraterritorial 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 ordinance or resolution.

Sec. 8229.103. COMPLIANCE WITH MUNICIPAL ORDINANCES OR RESOLUTIONS. Provides that the district shall comply with all applicable requirements of any ordinance or resolution adopted by the City Council of the City of Fort Worth.

Sec. 8229.104. PAYMENT OF IMPACT FEES. Provides that a municipality that provides water or wastewater service to a new development located in the district may impose impact fees as provided by Chapter 395, Local Government Code. Provides that notwithstanding the provisions of Chapter 395, Local Government Code, regarding the time and method of payment of impact fees, the fees may be paid by the district, the landowner, or the developer under an agreement with the municipality.

Sec. 8229.105. LIMIT ON EMINENT DOMAIN POWER. Provides that the district may exercise the power of eminent domain outside the district only to acquire an easement necessary for pipeline, storm water, or drainage facilities that serve the district.

[Sections 8229.106-8229.150 reserved for expansion]

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 8229.151. TAX TO REPAY BONDS. Provides that the district may impose a tax to pay the principal of and interest on bonds issued under Section 8229.201.

[Sections 8229.152-8229.200 reserved for expansion]

SUBCHAPTER E. BONDS

Sec. 8229.201. 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, and to finance the construction, maintenance, or operation of projects under Sections 8229.101 and 8229.102. Provides that the district may not issue bonds to finance projects authorized by Section 8229.102 unless the issuance is approved by a vote of a two-thirds majority of 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 8229.102 may not exceed one-fourth of the assessed value of the real property in the district.

SECTION 1.02. Sets forth the boundaries of Morning Star Ranch Municipal Utility District No. 1 of Parker County.

ARTICLE 2. MORNING STAR RANCH MUNICIPAL UTILITY DISTRICT NO. 2

SECTION 2.01. Adds Chapter 8230 to Subtitle F, Title 6, Special District Local Laws Code to read as follows:

CHAPTER 8230. MORNING STAR RANCH MUNICIPAL UTILITY DISTRICT NO. 2 OF PARKER COUNTY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8230.001. DEFINITIONS. Defines “Board,” “Director,” and “District.”

Sec. 8230.002. NATURE OF DISTRICT. Provides that the district is a municipal utility district in Parker County created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8230.003. CONFIRMATION ELECTION REQUIRED. Provides that if the creation of the district is not confirmed at a confirmation election held under Section 8230.024 before September 1, 2011: (1) the district is dissolved September 1, 2011, except that the district shall: (A) pay any debts incurred; (B) transfer any assets that remain after the payment of debts to Parker County; and (C) maintain the organization of the district until all debts are paid and remaining assets are transferred; and (2) this chapter expires September 1, 2014.

Sec. 8230.004. INITIAL DISTRICT TERRITORY. Provides that the district is initially composed of the territory described by Section 2.02 of the Act creating this chapter. Provides that the boundaries and field notes contained in Section 2.02 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 board.

[Sections 8230.005-8230.020 reserved for expansion]

SUBCHAPTER A-1. TEMPORARY PROVISIONS

Sec. 8230.021. 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 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 Subsection (a). Provides that if a temporary director fails to qualify for office, the commission shall appoint a person to fill the vacancy. Provides that temporary directors serve until the earlier of: (1) the date directors are elected under Section 8230.024; or (2) the date this chapter expires under Section 8230.003.

Sec. 8230.022. 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.

Sec. 8230.023. CONSENT OF MUNICIPALITY REQUIRED. Provides that the temporary directors may not hold an election under Section 8230.024 until each municipality in whose corporate limits or extraterritorial jurisdiction the district is located, if any, has adopted a resolution confirming its consent to the creation of the district after the effective date of the Act creating this chapter.

Sec. 8230.024. 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.

Sec. 8230.025. INITIAL ELECTED DIRECTORS; TERMS. Provides that the directors elected under Section 8230.024 shall draw lots to determine which two shall serve until the first regularly scheduled election of directors under Section 8230.052 and which three shall serve until the second regularly scheduled election of directors.

Sec. 8230.026. EXPIRATION OF SUBCHAPTER. This subchapter expires September 1, 2014.

[Sections 8230.027-8230.050 reserved for expansion]

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8230.051. DIRECTORS; TERMS. Provides that the district is governed by a board of five directors. Provides that directors serve staggered four-year terms.

Sec. 8230.052. ELECTION OF DIRECTORS. Provides that on the uniform election date in May of each even-numbered year, the appropriate number of directors shall be elected.

[Sections 8230.053-8230.100 reserved for expansion]

SUBCHAPTER C. POWERS AND DUTIES

Sec. 8230.101. 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.

Sec. 8230.102. ROAD PROJECTS. Provides that to the extent authorized by Section 52, Article III, Texas Constitution, the district may construct, acquire, improve, maintain, or operate macadamized, graveled, or paved roads, or improvements in aid of those roads, inside the district. Provides that a road project must meet all applicable construction standards, zoning and subdivision requirements, and regulatory ordinances of each municipality in whose corporate limits or extraterritorial 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 ordinance or resolution.

Sec. 8230.103. COMPLIANCE WITH MUNICIPAL ORDINANCES OR RESOLUTIONS. Provides that the district shall comply with all applicable requirements of any ordinance or resolution adopted by the City Council of the City of Fort Worth.

Sec. 8230.104. PAYMENT OF IMPACT FEES. Provides that a municipality that provides water or wastewater service to a new development located in the district may impose impact fees as provided by Chapter 395, Local Government Code. Provides that Notwithstanding the provisions of Chapter 395, Local Government Code, regarding the time and method of payment of impact fees, the fees may be paid by the district, the landowner, or the developer under an agreement with the municipality.

Sec. 8230.105. LIMIT ON EMINENT DOMAIN POWER. Provides that the district may exercise the power of eminent domain outside the district only to acquire an easement necessary for pipeline, storm water, or drainage facilities that serve the district.

[Sections 8230.106-8230.150 reserved for expansion]

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 8230.151. TAX TO REPAY BONDS. Provides that the district may impose a tax to pay the principal of and interest on bonds issued under Section 8230.201.

[Sections 8230.152-8230.200 reserved for expansion]

SUBCHAPTER E. BONDS

Sec. 8230.201. 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, and to finance the construction, maintenance, or operation of projects under Sections 8230.101 and 8230.102. Provides that the district may not issue bonds to finance projects authorized by Section 8230.102 unless the issuance is approved by a vote of a two-thirds majority of 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 8230.102 may not exceed one-fourth of the assessed value of the real property in the district.

SECTION 2.02. Sets forth the boundaries of Morning Star Ranch Municipal Utility District No. 2 of Parker County.

ARTICLE 3. NOTICE; EFFECTIVE DATE

SECTION 3.01. 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

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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 3.02. This Act takes effect September 1, 2007.

EFFECTIVE DATE

September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute amends Sec. 8229.023 to provide that the temporary directors may not hold an election under Section 8229.024 until each municipality in whose corporate limits or extraterritorial jurisdiction the district is located, if any, has adopted a resolution confirming its consent to the creation of the district after the effective date of the Act creating this chapter.

The substitute deletes language in Section 8229.102 to provide that to the extent authorized by Section 52, Article III, Texas Constitution, the district may construct, acquire, improve, maintain, or operate macadamized, graveled, or paved roads, or improvements in aid of those roads, inside the district. The substitute deletes references to turnpikes. The substitute also deletes language providing that if the district is located outside the extraterritorial jurisdiction of a municipality, a road project must meet all applicable construction standards, zoning and subdivision requirements, and regulatory ordinances of each county in which the district is located.

C.S.H.B. 3994 adds Section 8229.104 to provide that a municipality that provides water or wastewater service to a new development located in the district may impose impact fees as provided by Chapter 395, Local Government Code. Provides that notwithstanding the provisions of Chapter 395, Local Government Code, regarding the time and method of payment of impact fees, the fees may be paid by the district, the landowner, or the developer under an agreement with the municipality.

The substitute adds Section 8229.105 to provide that the district may exercise the power of eminent domain outside the district only to acquire an easement necessary for pipeline, storm water, or drainage facilities that serve the district.

The substitute reserves Sections 8229.106-8229.150 for expansion.

The substitute amends Sec. 8230.023 to provide that the temporary directors may not hold an election under Section 8229.024 until each municipality in whose corporate limits or extraterritorial jurisdiction the district is located, if any, has adopted a resolution confirming its consent to the creation of the district after the effective date of the Act creating this chapter.

The substitute deletes language in Section 8230.102 to provide that to the extent authorized by Section 52, Article III, Texas Constitution, the district may construct, acquire, improve, maintain, or operate macadamized, graveled, or paved roads, or improvements in aid of those roads, inside the district. The substitute deletes references to turnpikes. The substitute also deletes language providing that if the district is located outside the extraterritorial jurisdiction of a municipality, a road project must meet all applicable construction standards, zoning and subdivision requirements, and regulatory ordinances of each county in which the district is located.

C.S.H.B. 3994 adds Section 8230.104 to provide that a municipality that provides water or wastewater service to a new development located in the district may impose impact fees as provided by Chapter 395, Local Government Code. Provides that notwithstanding the provisions

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of Chapter 395, Local Government Code, regarding the time and method of payment of impact fees, the fees may be paid by the district, the landowner, or the developer under an agreement with the municipality.

The substitute adds Section 8230.105 to provide that the district may exercise the power of eminent domain outside the district only to acquire an easement necessary for pipeline, storm water, or drainage facilities that serve the district.

The substitute reserves Sections 8230.106-8230.150 for expansion.