

BILL ANALYSIS

C.S.H.B. 4069
By: Phillips
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Platinum Ranch Municipal Utility District No. 1 of Grayson County (the "District") will encompass an area of land that will be located inside the extraterritorial jurisdiction of the City of Gunter, 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. 4069 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 8256 to Subtitle F, Title 6, Special District Local Laws Code, is amended by adding Chapter 8256 to read as follows:

CHAPTER 8256. PLATINUM RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF GRAYSON COUNTY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8256.001. DEFINITIONS. Defines "Board," "Director," and "District."

Sec. 8256.002. NATURE OF DISTRICT. Provides that the district is a municipal utility district in Grayson County created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8256.003. CONFIRMATION ELECTION REQUIRED. Provides that if the creation of the district is not confirmed at a confirmation election held under Section 8256.055 before September 1, 2009, the district is dissolved September 1, 2009, except that: (A) any debts incurred shall be paid; (B) any assets that remain after the payment of debts shall be transferred to Grayson County; and (C) the organization of the district shall be maintained until all debts are paid and remaining assets are transferred. Provides that this chapter expires September 1, 2014.

Sec. 8256.004. 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. Provides that a mistake made in the field notes or in copying the field notes in the legislative process does not affect the organization, existence, or validity of the district, the right of the district to impose taxes, the validity of the district's bonds, notes, or other indebtedness or the legality or operation of the district or the board.

Sec. 8256.005. ANNEXATION INTO CITY OF GUNTER. Provides that notwithstanding any other law, if all of the territory of the district is annexed by the City of Gunter into the corporate limits of that municipality before the date of the election held to confirm the creation of the district, the district is not dissolved and shall continue in full force and effect. Provides that any future annexation or inclusion of additional territory into a district governed by this chapter may not occur unless the City of Gunter is allowed to voluntarily annex the same territory into the municipality's corporate limits.

Sec. 8256.006. DISSOLUTION. Section 43.074, Local Government Code, applies to the dissolution of the district.

[Sections 8256.007-8256.050 reserved for expansion]

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8256.051. DIRECTORS; TERMS. Provides that the district is governed by a board of five directors. Provides that except as provided by Section 8256.053, directors serve staggered four-year terms.

Sec. 8256.052. 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.

Sec. 8256.053. INITIAL DIRECTORS. Provides that the initial board consists of: (1) Mark McClure; (2) Greg Meador; (3) Lance Hancock; (4) David Howell; and (5) Mark Smith. Provides that the terms of the first three directors named in Subsection (a) expire on the uniform election date in May 2008, and the terms of the last two directors named in Subsection (a) expire on the uniform election date in May 2010. Provides that this section expires September 1, 2011.

Sec. 8256.054. INCORPORATION OF DISTRICT TERRITORY INTO MUNICIPALITY REQUIRED. Provides that the directors may not hold an election under Section 8256.055 until all of the territory of the district is included in the corporate limits of the City of Gunter.

Sec. 8256.055. CONFIRMATION AND INITIAL DIRECTORS' ELECTION. Provides that the initial directors shall hold an election to confirm the creation of the district.

[Sections 8256.056-8256.100 reserved for expansion]

SUBCHAPTER C. POWERS AND DUTIES

Sec. 8256.101. 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. Provides that notwithstanding Subsection (a), the district may not act as a retail provider of water or wastewater service. Provides that the district shall make the district's water and wastewater facilities available to an entity holding the applicable certificate of convenience and necessity.

Sec. 8256.102. 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 turnpikes, or improvements in aid of those roads, inside the district. Provides that a road project must meet all applicable construction standards, subdivision requirements, and regulatory ordinances of the municipality in whose corporate limits or extraterritorial jurisdiction the district is located. Provides that if a portion of the territory of the district is excluded from the corporate limits of the City of Gunter, the district shall: (1) improve, maintain, and operate the roads located in that portion of territory in accordance with the ordinances and rules of the political subdivision possessing jurisdiction over the roads in that portion of territory; and (2) pay the entire cost of performing the district's duties under Subdivision (1).

Sec. 8256.103. DIVISION OF DISTRICT. Provides that the district may be divided into two new districts only if the district has no outstanding bonded debt, the district is not imposing ad

valorem taxes and each new district is within the corporate limits of the City of Gunter. Provides that the division procedure is prescribed by Sections 53.030 through 53.041, Water Code. Provides that any new district created by the division of the district has all the powers and duties of the district. Provides that at the time of creation, any new district created by the division of the district may not contain any land outside the area described by Section 2 of the Act creating this chapter.

[Sections 8256.104-8256.150 reserved for expansion]

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 8256.151. 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 8256.201.

[Sections 8256.152-8256.200 reserved for expansion]

SUBCHAPTER E. BONDS

Sec. 8256.201. 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 8256.101 or 8256.102. Provides that the district may not issue bonds to finance projects authorized by Section 8256.102 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 8256.102 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. Provides that the effective date is September 1, 2007.

EFFECTIVE DATE

September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute amends Sec. 8256.005 changes to the Section name to “Annexation Into City of Gunter” and amends the section to provide that notwithstanding any other law, if all of the territory of the district is annexed by the City of Gunter into the corporate limits of that municipality before the date of the election held to confirm the creation of the district, the district is not dissolved and shall continue in full force and effect. Provides that any future annexation or inclusion of additional territory into a district governed by this chapter may not occur unless the City of Gunter is allowed to voluntarily annex the same territory into the municipality’s corporate limits.

The substitute adds Sec. 8256.006 which provides Section 43.074, Local Government Code, applies to the dissolution of the district.

The substitute renumbers [Section 8256.006-8256.050 reserved for expansion] to [Section 8256.007-8256.050 reserved for expansion]

The substitute amends Sec. 8256.051 by deleting language within Sec. 8256.051 (b) to provide that the terms of two or three directors expire June 1 of each even-numbered year.

The substitute amends Sec. 8256.053 to provide for the designation of directors in lieu of appointment by the Texas Commission on Environmental Quality. As amended Sec. 8256.053 provides that the initial board consists of: (1) Mark McClure; (2) Greg Meador; (3) Lance Hancock; (4) David Howell; and (5) Mark Smith. Provides that the terms of the first three directors named in Subsection (a) expire on the uniform election date in May 2008, and the terms of the last two directors named in Subsection (a) expire on the uniform election date in May 2010. Provides that this section expires September 1, 2011.

The substitute amends Sec. 8256.054 by changing the section name to "Incorporation of District Territory Into Municipality Required" and provides that the directors may not hold an election under Section 8256.055 until all of the territory of the district is included in the corporate limits of the City of Gunter. The substitute deletes Sec. 8256.054(2) and renumbers prior subsections accordingly.

The substitute amends Sec. 8256.055 and provides that the initial directors shall hold an election to confirm the creation of the district. The substitute deletes language regarding the election of five directors as provided by Section 49.102, Water Code.

The substitute amends Sec. 8256.101 by renumbering subsections and adding Sec. 8256.101(b)-(c) to provide that notwithstanding Subsection (a), the district may not act as a retail provider of water or wastewater service. Provides that the district shall make the district's water and wastewater facilities available to an entity holding the applicable certificate of convenience and necessity.

The substitute amends Sec. 8256.102 by deleting the word "turnpike" and adding 8256.102(c). to provide that if a portion of the territory of the district is excluded from the corporate limits of the City of Gunter, the district shall: (1) improve, maintain, and operate the roads located in that portion of territory in accordance with the ordinances and rules of the political subdivision possessing jurisdiction over the roads in that portion of territory; and (2) pay the entire cost of performing the district's duties under Subdivision (1).