

BILL ANALYSIS

C.S.H.B. 4072
By: Gattis
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

3 B&J Municipal Utility District will encompass approximately 545.85 acres of land in Williamson County, outside the extraterritorial jurisdiction of the City of Georgetown. The land to be located within the district will be developed into single family residential and commercial developments and therefore, water, sewer, and drainage services need to be secured. It is necessary to create the municipal utility district under Chapters 49 (Provisions Applicable to All Districts) and 54 (Municipal Utility Districts), Water Code, in order to purchase, acquire, and/or construct facilities for such services to serve the future occupants of the land utilizing tax exempt bonds. C.S.H.B. 4072 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. Amends Subtitle F, Title 6, Special District Local Laws Code, by adding Chapter 8221, titled 3 B&J MUNICIPAL UTILITY DISTRICT containing the following provisions:

CHAPTER 8221. 3 B&J MUNICIPAL UTILITY DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8221.001. DEFINITIONS. Defines "board," "director," and "district."

Sec. 8221.002. NATURE OF DISTRICT. Provides that the district is a municipal utility district created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8221.003. CONFIRMATION ELECTION REQUIRED. Provides that the board shall hold an election to confirm the creation of the district as provided by Section 49.102, Water Code. Provides that if the creation of the district is not confirmed at a confirmation election before September 1, 2011 the district is dissolved September 1, 2011, except that the district shall pay any debts incurred, transfer to Williamson County any assets that remain after the payment of debts, and maintain the organization of the district until all debts are paid and remaining assets are transferred. Provides that this chapter expires September 1, 2014.

Sec. 8221.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. Provides that all land and other property in the district will benefit from the improvements and services to be provided by the district.

Sec. 8221.005. INITIAL DISTRICT TERRITORY. Sets forth the territory that will be initially included in the district by reference to Section 2 of the Act. Provides that errors in field notes do not affect the district's organization, existence, validity, right to issue or pay principal of and interest on bonds, right to impose assessments or taxes, legality, or operation.

[Sections 8221.006-8221.050 reserved for expansion]

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8221.051. **GOVERNING BODY; TERMS.** Provides that the district is governed by a five-member board of elected directors. Provides that directors serve staggered four-year terms.

Sec. 8221.052. **INITIAL DIRECTORS.** Sets forth the composition and terms of the initial board of directors. Provides that this Section expires September 1, 2014.

[Sections 8221.053-8221.100 reserved for expansion]

SUBCHAPTER C. POWERS AND DUTIES

Sec. 8221.101. **GENERAL POWERS AND DUTIES.** Provides that the district has the powers and duties necessary to accomplish the purposes for which the district is created.

Sec. 8221.102. **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. 8221.103. **REGIONAL WASTE DISPOSAL POWERS AND DUTIES.** Provides that the district has the powers and duties applicable to a district under Chapter 30, Water Code.

Sec. 8221.104. **COMPLIANCE WITH MUNICIPAL CONSENT RESOLUTION.** Provides that the district shall comply with all applicable requirements of any resolution, adopted by the governing body of a municipality under Section 54.016, Water Code, that consents to the creation of the district or to the inclusion of land in the district.

Sec. 8221.105. **WASTEWATER TREATMENT FACILITY DESIGN APPROVAL.** Requires the district to obtain the approval of the Brazos River Authority for the design of any district wastewater treatment facility.

Sec. 8221.106. **WASTEWATER SERVICE PROVIDERS.** Provides that only the Brazos River Authority or a provider approved by the Brazos River Authority may provide wastewater service in the district.

Sec. 8221.107. **COMPLIANCE WITH FEBRUARY 2005 AGREEMENT.** Requires the district to comply with the terms of the "Agreement Regarding Sewer Services Areas and Customers" among the Lower Colorado River Authority, the Brazos River Authority, the City of Georgetown, the City of Liberty Hill, and the Chisholm Trail Special Utility District dated February 1, 2005.

Sec. 8221.108. **STREET REPAIR AND MAINTENANCE.** Provides that after July 1, 2017, the district shall repair and maintain any streets in the district. Additionally provides that the district's repair and maintenance of streets under this section must meet all applicable construction standards and regulations of the City of Georgetown and Williamson County and will be at the district's expense.

[Sections 8221.109-8221.150 reserved for expansion]

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 8221.151. **ELECTIONS REGARDING TAXES OR BONDS.** Authorizes the district, without an election, to issue bonds and other obligations secured by revenue or contract payments from a source other than ad valorem taxation. The election must be held in a manner provided by Chapters 49 and 54, Water Code, to obtain voter approval before the district may impose an ad valorem tax or issue bonds payable from ad valorem taxes. An ad valorem tax rate imposed by the district may not exceed the rate approved at the election.

Sec. 8221.152. OPERATION AND MAINTENANCE TAX. Allows the district, if authorized at an election held under Sec. 8221.151, to impose an operation and maintenance tax on taxable property in the district as provided by Chapter 49.107, Water Code. The board shall determine the tax rate and the rate may not exceed the rate approved at the election.

[Sections 8221.153-8221.200 reserved for expansion]

SUBCHAPTER E. BONDS

Sec. 8221.201. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS. Authorizes the district to issue bonds or other obligations payable wholly or partly from ad valorem taxes, impact fees, revenue, grants, or other district money, or any combination of those sources to pay for any authorized district purpose.

Sec. 8221.202. TAXES FOR BONDS AND OTHER OBLIGATIONS. At the time bonds or other obligations payable wholly or partly from ad valorem taxes, are issued the board is required to impose a continuing direct annual ad valorem tax, at a rate not to exceed the rate approved at an election held under Section 8221.151, for each year that all or part of the bonds are outstanding. Also at this time, the district is required to annually impose an ad valorem tax on all taxable property in the district in an amount that shall be sufficient to pay the interest on the bonds or other obligations as the interest becomes due, create a sinking fund for the payment of principal of the bonds or other obligations when due or the redemption price at any earlier required redemption date, and pay the expenses of imposing the taxes.

SECTION 2. Sets forth a metes and bounds description of the territory that is to be initially included in the district, being approximately 545.85 acres of land.

SECTION 3. (a) Provides that the proper and legal notice setting forth the substance of this Act has been published as provided by law. Provides that a notice of a copy of this Act has been furnished to the required persons, agencies, officials, or entities according to the constitution and other laws of this state.

(b) Provides that the governor has submitted the notice and Act to the Texas Commission on Environmental Quality (TCEQ).

(c) Provides that the TCEQ has filed its recommendations relating to this Act with the governor, lieutenant governor, and the speaker of the house of representatives within the required time.

(d) 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 are fulfilled and accomplished.

SECTION 4. Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 4072 Sec. 8221.051 specifies that the members of the board of directors consists of elected members.

C.S.H.B. 4072 adds new Section 8221.103 REGIONAL WASTE DISPOSAL POWERS AND DUTIES which gives the district applicable powers and duties under Chapter 30, Water Code, regarding regional waste disposal. Conforming changes are made in the numbering of Subchapter C to account for this addition.

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C.S.H.B. 4072 corrects the date of the "Agreement Regarding Sewer Services Areas and Customers" in Section 8221.107.

C.S.H.B. 4072 creates Subsection (a) from the existing text in Section 8221.108, adding language that specifies that the street repair and maintenance will be at the district's expense. Also, adding Subsection (b) which provides that repair and maintenance under this section must meet all applicable construction standards and regulations of the City of Georgetown and Williamson County.

C.S.H.B. 4072 adds Subsection (c) in Section 8221.151 which provides that an ad valorem tax rate imposed by the district may not exceed the rate approved at the election.

C.S.H.B. 4072 deletes the language "without limit as to rate or amount" in Subdivision (1) of Section 8221.202 and adds in its place "at a rate not to exceed the rate approved at an election held under Section 8221.151..."