

BILL ANALYSIS

C.S.H.B. 4098
By: Phillips
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

C.S.H.B. 4098 creates Gunter Municipal Utility District No. 1 (the “District”). Currently, the land located within the boundaries of the proposed District is undeveloped. The territory of the District would lie within the current extraterritorial jurisdiction of the City of Gunter and Grayson County. The District would have all of the powers granted to municipal utility districts operating pursuant to Chapters 49 and 54, Texas Water Code, with road powers pursuant to Article 3, Section 52 of the Constitution of Texas.

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 8238, as follows:

CHAPTER 8238. GUNTER MUNICIPAL UTILITY DISTRICT NO. 1

Subchapter A. General Provisions

Sec. 8238.001. DEFINITIONS. Defines “Board,” “Director,” and “District.”

Sec. 8238.002. 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, and has road powers under Section 52, Article III, Texas Constitution.

Sec. 8238.003. CONFIRMATION ELECTION REQUIRED. Requires the Board to hold an election to confirm the creation of the District.

Sec. 8238.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. Provides that all land and other property included in the District will benefit from the improvements and services to be provided by the District.

Sec. 8238.005. INITIAL DISTRICT TERRITORY. Provides that the District is initially composed of territory described by Section 2 of the Act creating this chapter and provides that a mistake in the field notes does not affect the District’s validity or powers.

Sec. 8238.006. ANNEXATION BY CITY OF GUNTER. Provides that if the District is annexed before the date of the confirmation election, it may not be dissolved until the district is dissolved under Section 43.074, Local Government Code.

Subchapter B. Board of Directors

Sec. 8238.051. DIRECTORS; TERMS. Sets forth the number and terms of directors of the Board.

Sec. 8238.052. ELECTION OF DIRECTORS. Provides for the election of the appropriate number of directors on May of each even-numbered year.

Sec. 8238.053. INITIAL DIRECTORS. Provides the names of the initial directors of the Board for the District and sets forth the method of determining the terms of the initial directors.

Sec. 8238.054. CONSENT OF MUNICIPALITY REQUIRED. Sets forth the requirements that must be met before a confirmation election may be held.

Subchapter C. Powers and Duties

Sec. 8238.101. MUNICIPAL UTILITY DISTRICT POWERS AND DUTIES. Provides that the District has the powers and duties of a municipal utility district, as provided by general law, including Chapters 49 and 54, Water Code. Provides that the district shall make available any district water or wastewater facility to each person that holds a certificate of convenience and necessity for land in the district. Provides that the district may not provide retail water or wastewater services.

Sec. 8238.102. ROAD PROJECTS. Authorizes the District to construct, acquire, maintain or operate macadamized, graveled, or paved roads, or improvements in aid of the roads. Requires road projects to meet applicable municipal and county standards, regulations, and ordinances. Provides that if a portion of the District is excluded from the City of Gunter, the District will maintain the roads in that area.

Sec. 8238.103. COMPLIANCE WITH MUNICIPAL CONSENT ORDINANCES OR RESOLUTIONS. Requires the District to comply with any ordinance or resolution adopted by a municipality providing consent to the creation of the District or inclusion of land in the District.

Subchapter D. General Financial Provisions

Sec. 8238.151. ELECTIONS REGARDING TAXES OR BONDS. Authorizes the district to issue bonds that are secured by revenues or contract payments without an election. Requires the District to hold an election to obtain voter approval prior to the imposition of ad valorem taxes or the issuance of bonds payable from ad valorem taxes.

Sec. 8238.152. OPERATION AND MAINTENANCE TAX. Authorizes the District to impose an operation and maintenance tax, if authorized at an election, and to determine the applicable tax rate.

Subchapter E. Bonds

Sec. 8238.201. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS. Authorizes the District to issue bonds, notes, or other obligations to pay for authorized purposes of the District. Requires approval by two-thirds majority vote of District voters prior to issuance of bonds for road projects. Limits the issuance of bonds used to finance road projects to one-fourth of the assessed value of real property in the District.

Sec. 8238.202. TAXES FOR BONDS. Requires the District to impose a direct annual ad valorem tax to pay for bonds.

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

SECTION 3. Sets forth legislative findings regarding the fulfillment of procedural requirements with respect to the notice, introduction, and passage of the Act.

SECTION 4. Provides that the effective date of the Act will be upon passage or 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 4098 adds Subsection (c) and (d) to Section 8238.101 to provide that notwithstanding Subsection (a), the district may not provide retail water or wastewater services and is required to make available any district water or wastewater facility to each person that holds a certificate of convenience and necessity for land in the district.

The substitute adds a Subsection (c) to Section 8238.102 requiring the District to maintain roads in any portion of the District that is excluded from the City of Gunter.