

## **BILL ANALYSIS**

C.S.H.B. 4099  
By: Phillips  
Natural Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Preston Summit Municipal Utility District No. 1 of Grayson County (the "District") will encompass an area of land 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. 4099 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 8254 to read as follows:

CHAPTER 8254. PRESTON SUMMIT MUNICIPAL UTILITY DISTRICT NO. 1 OF GRAYSON COUNTY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8254.001. DEFINITIONS. Defines "Board," "Director," and "District."

Sec. 8254.002. 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 52, Article III, and Section 59, Article XVI, Texas Constitution.

Sec. 8254.003. CONFIRMATION ELECTION REQUIRED. Provides that if the creation of the district is not confirmed at a confirmation election held under Section 8254.023 before September 1, 2011 (1) the district is dissolved September 1, 2011, except that the district shall: (A) pay any debts incurred; (B) transfer to Grayson County any assets that remain after the payment of debts; 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. 8254.004. 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.

[Sections 8254.005-8254.020 reserved for expansion]

C.S.H.B. 4099 80(R)

## SUBCHAPTER A-1. TEMPORARY PROVISIONS

Sec. 8254.021. 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 8254.023; or (2) the date this chapter expires under Section 8254.003.

Sec. 8254.022. ORGANIZATIONAL MEETING OF TEMPORARY DIRECTORS. Provides that as soon as practicable after all the temporary directors have qualified under Section 49.055, Water Code, and the temporary directors shall meet at a location in the district agreeable to a majority of the directors. Provides that at the meeting, the temporary directors shall elect officers from among the temporary directors and conduct any other district business.

Sec. 8254.023. CONFIRMATION AND INITIAL DIRECTORS' ELECTION; ANNEXATION BY CITY. 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. Provides that the temporary directors may not hold the election until the City of Gunter has annexed into its corporate limits all territory described by Section 2 of the Act creating this chapter.

Sec. 8254.024. INITIAL ELECTED DIRECTORS; TERMS. Provides that the directors elected under Section 8254.023 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.

Sec. 8254.025. EXPIRATION OF SUBCHAPTER. Provides that this subchapter expires September 1, 2014.

[Sections 8254.026-8254.050 reserved for expansion]

## SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8254.051. GOVERNING BODY; TERMS. Provides that the district is governed by a board of five directors. Provides that Directors serve staggered four-year terms.

[Sections 8254.052-8254.100 reserved for expansion]

## SUBCHAPTER C. POWERS AND DUTIES

Sec. 8254.101. 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. 8254.102. WATER AND WASTE WATER FACILITIES AND SERVICES. 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. 8254.103. 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 or turnpikes, inside the district. Provides that a road project must meet all applicable construction standards, zoning and subdivision requirements, and regulations of each municipality in whose corporate limits or extraterritorial jurisdiction the district is located.

Sec. 8254.104. MAINTANENCE AND REPAIR OF ROADS IN TERRITORY EXCLUDED FROM CITY. Provides that if the City of Gunter excludes district territory from the city's corporate limits, the district shall maintain, improve, operate, and repair any road located in that territory in accordance with the ordinances and rules of each political subdivision in whose jurisdiction the road is located.

Sec. 8254.105. DIVISION OF DISTRICT. Provides that the district may be divided into two new districts only if the district: (1) has no outstanding bonded debt; and (2) is not imposing ad valorem taxes. 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 any new district created by the division of the district may not, at the time the new district is created, contain any land: (1) outside the area described by Section 2 of the Act creating this chapter; or (2) outside the corporate limits of the city of Gunter.

Sec. 8254.104. COMPLIANCE WITH MUNICIPAL CONSENT RESOLUTIONS. Provides that the district shall comply with all applicable requirements of any ordinance or resolution adopted by the governing body of each municipality in whose corporate limits or extraterritorial jurisdiction the district is located.

Sec. 8254.105. LIMITATION ON ANNEXATION. Provides that the district may not add land to the district under Subchapter J, Chapter 49, Water Code, if the land is located outside the corporate limits of the City of Gunter. Provides that Section 43.075, Local Government Code, does not apply to the district.

[Sections 8254.106-8254.150 reserved for expansion]

#### SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 8254.151. 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 8254.201.

[Sections 8254.152-8254.200 reserved for expansion]

#### SUBCHAPTER E. BONDS

Sec. 8254.201. 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 8254.101 or 8254.103. Provides that the district may not issue bonds or other obligations to finance projects authorized by Section 8254.103 unless the issuance is approved by a vote of a two-thirds majority of the district voters voting at an election held for that purpose. Provides that Bonds or other obligations issued or incurred to finance projects authorized by Section 8254.103 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 the legal notice of the intention to introduce this Act, setting forth the general substance of this Act, has been published as provided by law, and 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, one of the required recipients, 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, the lieutenant governor, and the 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 are fulfilled and accomplished.

SECTION 4. Provides that this Act takes effect September 1, 2007.

## **EFFECTIVE DATE**

September 1, 2007.

## **COMPARISON OF ORIGINAL TO SUBSTITUTE**

C.S.H.B. 4099 adds Sec. 8254.102, which 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.

C.S.H.B. 4099 renumbers Sec. 8254.102 to Sec. 8254.103 (Road Projects) and deletes former Sec. 8254.102(c) which read, "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."

C.S.H.B. 4099 adds Sec.8254.104 which provides that if the City of Gunter excludes district territory from the city's corporate limits, the district shall maintain, improve, operate, and repair any road located in that territory in accordance with the ordinances and rules of each political subdivision in whose jurisdiction the road is located.

C.S.H.B. 4099 changes the numbering of Sec.8254.103 to Sec. 8254.105

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C.S.H.B. 4099 amends Sec. 8254. 201 (a) & (b). The substitution changes the number of Section 8254.102 to Section 8254.103