

BILL ANALYSIS

C.S.H.B. 4111
By: Smithee
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

C.S.H.B. 4111 creates the Randall County Municipal Utility District No. 1 (District) in an unincorporated area of Randall County. As a municipal utility district (MUD), the District is authorized by Article 16, Section 59 and Article 3, Section 52 of the Texas Constitution, and governed by Chapters 49 (Provisions Applicable to All Districts) and 54 (Municipal Utility Districts), Water Code. The District would serve as a financing vehicle to purchase, acquire, and construct public infrastructure, such as water, sewer, drainage, and roadway facilities. C.S.H.B. 4111 provides regulations regarding the road powers 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 8248 as follows:

CHAPTER 8248. RANDALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

SUBCHAPTER A. GENERAL PROVISIONS.

SECTION 8248.001. DEFINITIONS. Defines "Board," "Director," and "District."

SECTION 8248.002. NATURE OF DISTRICT. Provides that a District to be known as the Randall County Municipal Utility District No. 1 (the "District"), is created in Randall County. Provides that the District is essential to accomplish the purposes of Section 52, Art. III, and Section 59, Art. XVI, Texas Constitution.

SECTION 8248.003. Provides that the District is created to serve a public use and benefit.

SECTION 8248.004. CONFIRMATION ELECTION REQUIRED. Provides that if the creation of the District is not confirmed at a confirmation election held under Section 8248.023 before September 1, 2011, the District is dissolved except that (a) any debts incurred shall be paid; (b) any assets that remain after the payment of debts shall be transferred to Randall County; and (c) the organization of the District shall be maintained until all debts are paid and remaining assets are transferred. Provides that in the event of the dissolution of the District as provided in this section, the Chapter expires on September 1, 2014.

SECTION 8248.005. INITIAL DISTRICT TERRITORY. Provides that the District is initially composed of the territory described by Section 2 of the Act. The boundaries and field notes contained in Section 2 form a closure and a mistake made in the filed notes or in copying the field notes in the legislative process does not effect the organization, existence, or validity of the district, the right to impose taxes, or the legality if the operation of the board.

SUBCHAPTER A-1. TEMPORARY PROVISIONS.

SECTION 8248.021. TEMPORARY DIRECTORS. Provides the names of the members of the temporary board. Requires the temporary directors who have qualified for office, if a temporary

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director fails to qualify for office, to appoint a person to fill the vacancy. Requires the Texas Commission on Environmental Quality, if at any time there are fewer than three qualified temporary directors, to appoint the necessary number of persons to fill all vacancies on the board. Provides that temporary directors serve until the earlier of certain specified dates.

SECTION 8248.022. ORGANIZATIONAL MEETING OF TEMPORARY DIRECTORS. Provides that the temporary directors shall meet at a location in the District agreeable to a majority of the directors as soon as practicable after all the temporary directors have qualified under Section 49.055, Water Code. Provides that if a location for the meeting cannot be agreed upon, the meeting shall be held at the Randall County Courthouse.

SECTION 8248.023. CONFIRMATION AND INITIAL DIRECTORS' ELECTION. Provides that the temporary board of directors shall call and hold an election to confirm the establishment of the District and to elect five initial directors in the manner provided by Section 49.102, Water Code.

SECTION 8248.024. INITIAL ELECTED DIRECTORS; TERMS. Provides that the temporary directors elected under Section 8248.023 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.

SECTION 8248.025. EXPIRATION OF SUBCHAPTER. Provides that this subchapter expires September 1, 2014.

SUBCHAPTER B. BOARD OF DIRECTORS.

SECTION 8248.051. DIRECTORS; TERMS. Provides that the District is governed by a board of five directors. Provides that the directors serve staggered four-year terms.

SUBCHAPTER C. POWERS AND DUTIES.

SECTION 8248.101 MUNICIPAL UTILITY DISTRICT AND DUTIES. Provides that the District has all of 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.

SECTION 8248.102. ANNEXATION. Provides that the District or any new districts formed by division shall not annex property prior to obtaining written consent to annexation from all landowners whose property would be subject to annexation. Provides that such annexation must be completed by the District within one year of its receipt of the landowner's written consent. A landowner may provide the district with written revocation of the landowner's consent to annexation. Provides that a petition for annexation by a landowner which meets the requirements of Chapter 49 or 54 of the Water Code shall constitute the landowner's written consent for the purposes of this section.

SECTION 8248.103. ROAD PROJECTS. Provides that the District may construct, acquire, improve, maintain, or operate macadamized, graveled, or paved roads or improvements in aid of those roads in the District. Provides that a project authorized by this section must meet all applicable construction, zoning, and subdivision requirements, and regulations of each municipality in whose corporate limits or extraterritorial jurisdiction the District is located. Provides that if the District is not located in the corporate limits or extraterritorial jurisdiction of a municipality, a road project must meet all applicable construction standards, zoning and subdivision requirements, and regulations of each county in which the District is located. Provides that the District may not undertake a road project under certain situations unless the appropriate consents are provided by each municipality or county.

SECTION 8248.104. ROAD CONTRACTS. Provides that the District may contract for a road project in the manner provided by Subchapter I, Chapter 49, Water Code.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS.

SECTION. 8248.151. TAX TO REPAY BONDS. Provides that the District may impose a tax to pay the principal of or interest on bonds issued under Section 8248.201.

SUBCHAPTER E. BONDS.

SECTION 8248.201. 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 projects under Sections 8248.101 and 8248.102. Provides that the District may not issue such bonds to finance projects authorized by Section 8248.102 unless the issuance is approved by a vote of a two-thirds majority of the voters of the District voting at an election called for that purpose. Provides that such bonds or other obligations issued or incurred to finance projects authorized by Section 8248.102 may not exceed one-fourth of the assessed value of the real property in the District.

SUBCHAPTER F. DIVISION OF DISTRICT INTO MULTIPLE DISTRICTS

Sec. 8248.251. DIVISION OF DISTRICT; REQUIREMENTS. Provides that the District, at any time before the District issues indebtedness secured by taxes or net revenues, may be divided into two or more new districts. Provides that a new district created by division of the District to be at least one hundred acres. Provides that the board to consider a proposal to divide the District on certain grounds. Provides the board, if the board decides to divide the District, to take certain actions regarding the division. 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 outside the area described by Section 2 of the Act creating this chapter. Any new district, after its creation, may annex additional property in accordance with this chapter.

Sec. 8248.252. ELECTION FOR DIVISION OF DISTRICT. Provides that the board, after it has complied with Section 8248.251(d), to hold an election in the District to determine whether the District should be divided as proposed. Provides that the board give notice of the election in the same manner required for other District elections prescribed by the Water Code and Election Code. Provides that certain actions are required to be taken if a majority of the votes are cast in favor of the division. Prohibits the District from being divided if a majority of the votes are not cast in favor of the division.

Sec. 8248.253. ELECTION OF DIRECTORS OF NEW DISTRICTS. Provides that the board, not later than the 90th day after the date of an election in favor of the division of the District, to make certain appointments. Provides that directors appointed under Subsection (a)(1) serve the staggered terms to which they were elected in the original district. Provides that directors appointed under Subsection (a)(2) serve until the election for directors under Subsection (c). Requires an election to be held to elect five directors in each district for which directors were appointed under Subsection (a)(2) on the uniform election date in May of the first even-numbered year after the year in which the directors are appointed. Requires the directors to draw lots to determine which two will serve two-year terms and which three will serve four-year terms.

Sec. 8248.254. CONTINUING POWERS AND OBLIGATIONS OF NEW DISTRICTS. Provides that each new district to incur and pay debts and provides that the district has all powers of the original district created by this chapter. Provides that if the District is divided as provided by this subchapter, the current obligations and any bond authorizations of the District are not impaired. Requires debts to be paid by revenues or by taxes or assessments imposed on real property in the District as if the District had not been divided or by contributions from each new District as stated in the terms set by the board under Section 8248.251(d). Provides that any other District obligation is to be divided pro rata among the new districts on an acreage basis or on other terms that are satisfactory to the new districts.

Sec. 8248.255. CONTRACT AUTHORITY OF NEW DISTRICTS. Provides that the new districts may contract with each other for certain services and matters.

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 Act is effective 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

The substitute is a Legislative Council draft. There are no substantive changes between the substitute and original.