

## **BILL ANALYSIS**

C.S.H.B. 4122  
By: Parker  
Natural Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

East Denton County Water Control and Improvement District No. 1 (the “district”) will encompass an area of land outside of the corporate limits or extra-territorial jurisdiction of any municipality but within Denton County, 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 51 (Water Control and Improvement 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. 4122 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. Provides that Subtitle I, Title 6, Special District Local Laws Code, is amended by adding Chapter 9029

CHAPTER 9029. EAST DENTON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 9029.001. DEFINITIONS. Defines “Board”, “Director”, and “District”.  
In this chapter:

Sec. 9029.002. NATURE OF DISTRICT. Provides that the district is a water control and improvement district in Denton County created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 9029.003. CONFIRMATION ELECTION REQUIRED. Provides that if the creation of the district is not confirmed at a confirmation election held under Section 9029.023 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 Denton 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. 9029.004. 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 other indebtedness; or (4) the legality or operation of the board.

[Sections 9029.005-9029.020 reserved for expansion]

#### SUBCHAPTER A-1. TEMPORARY PROVISIONS

Sec. 9029.021. 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. 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 9029.023; or (2) the date this chapter expires under Section 9029.003.

Sec. 9029.022. ORGANIZATIONAL MEETING OF TEMPORARY DIRECTORS. Provides that as soon as practicable after all the temporary directors have qualified under Section 49.055, Water Code, the temporary directors shall meet at a location in the district agreeable to a majority of the directors. If a location cannot be agreed upon, the meeting shall be at the Denton County Courthouse. At the meeting the temporary directors shall elect officers from among the temporary directors and conduct any other district business.

Sec. 9029.023. CONFIRMATION AND INITIAL DIRECTORS' ELECTION. 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.

Sec. 9029.024. INITIAL ELECTED DIRECTORS; TERMS. Provides that the directors elected under Section 9029.023 shall draw lots to determine which two shall serve until the first regularly scheduled election of directors under Section 9029.052 and which three shall serve until the second regularly scheduled election of directors.

Sec. 9029.025. EXPIRATION OF SUBCHAPTER. Provides that this subchapter expires September 1, 2014.

[Sections 9029.026-9029.050 reserved for expansion]

#### SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 9029.051. DIRECTORS; TERMS. Provides that the district is governed by a board of five directors. Provides that directors serve staggered four-year terms.

Sec. 9029.052. 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.

[Sections 9029.053-9029.100 reserved for expansion]

#### SUBCHAPTER C. POWERS AND DUTIES

Sec. 9029.101. WATER CONTROL AND IMPROVEMENT 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 51, Water Code, applicable to water control and improvement districts created under Section 59, Article XVI, Texas Constitution, including the powers provided by Section 51.331, Water Code.

Sec. 9029.102. 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 improvements in aid of those roads, inside the district. Provides that a road project must meet or exceed all applicable construction standards and regulatory ordinances of each municipality in whose corporate limits or extraterritorial jurisdiction the district is located. If the district is located outside the extraterritorial jurisdiction of a municipality, a road project must meet or exceed all applicable construction standards and regulatory ordinances of each county in which the district is located.

[Sections 9029.103-9029.150 reserved for expansion]

#### SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 9029.151. TAX TO REPAY BONDS. Provides that the district may impose a tax to pay the principal of or interest on bonds issued under Section 9029.201.

[Sections 9029.152-9029.200 reserved for expansion]

#### SUBCHAPTER E. BONDS

Sec. 9029.201. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS. Provides that the district may issue bonds or other obligations as provided by Chapters 49 and 51, Water Code, to finance the construction, maintenance, or operation of projects under Sections 9029.101 and 9029.102. Provides that the district may not issue bonds to finance projects authorized by Section 9029.102 unless the issuance is approved by a vote of a two-thirds majority of 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 9029.102 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 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. EFFECTIVE DATE: September 1, 2007.

#### **EFFECTIVE DATE**

September 1, 2007.

#### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

C.S.H.B. 4122 inserts the appropriate Chapter and Section numbers throughout the bill, and renumbers several sections as noted below. There are no substantive revisions in the substitute.

The substitute amends Section 1 to provide that Subtitle I is amended rather than Subtitle F.

The substitute makes amends the definitions in Sec. 9029.001.

The substitute amends Sec. 9029.003 by changing the reference to 9029.023 to 9029.025.

C.S.H.B. 4122 renumbers the Section references in Sec. 9029.021(d)

The substitute amends Section 9029.102 to provide that if the district is located outside the extraterritorial jurisdiction of a municipality, a road project must meet or exceed all applicable construction standards and regulatory ordinances of each county in which the district is located.

The substitute amends section 9029.201 (b) to provide the district may not issue bonds to finance projects authorized by Section 9029.102 unless the issuance is approved by a vote of a two-thirds majority of district voters voting at an election called for that purpose.

C.S.H.B. 4122 80(R)

