

BILL ANALYSIS

Senate Research Center
80R12644 RMB-F

S.B. 2004
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Intergovernmental Relations
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 1925, the legislature enacted its first law to authorize the creation of water control and improvement districts. Section 59, Article XVI, Texas Constitution, grants such entities unlimited property taxing authority and the authority to issue debt backed by these taxes in order to construct public infrastructure to control and use water beneficially. The Water Code now authorizes approximately 13 different types of water districts to handle surface water usage. In general, water districts can be created through the county commissioners court, the Texas Commission on Environmental Quality or its successor agencies, or by the legislature. Each methodology has advantages and disadvantages.

Denton County is a rapidly growing county adjacent to urban cities in need of master-planned suburban housing. Legislative creation of a municipal utility district in Denton County offers the most advantages for such district creation because it is the quickest method and allows for "custom" authorization of powers and duties.

As proposed, S.B. 2004 creates the Denton County Municipal Utility District No. 7 (district) and enumerates its powers, duties, and obligations. This bill provides that the district will be located entirely in Denton County. This bill also provides that the district will have the combined traditional powers and duties of a municipal utility district under Chapter 49 and Chapter 54, Water Code, and the powers of divisibility of Chapter 53, Water Code, and authorizes the issuance of tax-exempt bonds to pay all or part of the costs of roads inside and outside the boundaries of the district if approved and built to the standards established by Denton County.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle F, Title 6, Special District Local Laws Code, by adding Chapter 8190, as follows:

CHAPTER 8190. DENTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 7

Sets forth the standard language for the creation of the Denton County Municipal Utility District No. 7 (district). Sets forth standards, procedures, requirements, and criteria for:

Creation and approval of the district (Sections 8190.001 - 8190.020);

Size, composition, election, and terms of the board of directors of the district (Sections 8190.021 - 8190.100).

Powers and duties of the district (Sections 8190.101 - 8190.150).

General financial provisions and authority to impose taxes and to issue bonds and obligations for the district (Sections 8190.151 - 8190.201).

Authorizes the district to exercise the power of eminent domain.

SECTION 2. Sets forth the initial boundaries of the district.

SECTION 3. 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: upon passage or September 1, 2007.