

By: Watson

S.B. No. 2042

A BILL TO BE ENTITLED

AN ACT

relating to the authority of the New Sweden Municipal Utility District No. 1 and municipalities with extraterritorial jurisdiction in the district to enter into annexation and tax allocation agreements.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle F, Title 6, Special District Local Laws Code, is amended by adding Chapter 8159 to read as follows:

CHAPTER 8159. NEW SWEDEN MUNICIPAL UTILITY DISTRICT NO. 1

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8159.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of the district.

(2) "Director" means a member of the board.

(3) "District" means the New Sweden Municipal Utility District No. 1 as created by the Texas Commission on Environmental Quality by order dated July 20, 2006.

[Sections 8159.002-8159.100 reserved for expansion]

SUBCHAPTER B. POWERS AND DUTIES

Sec. 8159.101. GENERAL POWERS AND DUTIES. The district has:

(1) the powers and duties provided to a municipal utility district by general law, including Chapters 49 and 54, Water Code, and Chapters 42 and 43, Local Government Code; and

1           (2) all the powers and duties necessary or appropriate  
2 to accomplish the purposes for which the district was created by the  
3 Texas Commission on Environmental Quality.

4           Sec. 8159.102. ADDITIONAL POWERS RELATED TO ANNEXATION AND  
5 TAX ALLOCATION AGREEMENTS. (a) This section applies only to a  
6 municipality that:

7           (1) has extraterritorial jurisdiction over the entire  
8 area in which the district is located; and

9           (2) has made a strategic partnership agreement with  
10 the district.

11           (b) The district and the municipality may agree to provide  
12 for the:

13           (1) annexation, including limited purpose annexation,  
14 by the municipality of all or a part of the territory of the  
15 district; and

16           (2) allocation, following annexation of all or part of  
17 the district by the municipality, of taxes imposed on real property  
18 in the district between the district and the municipality.

19           (c) Notwithstanding the limitations otherwise imposed by  
20 Subchapter J, Chapter 54, Water Code, the district is granted the  
21 powers under that subchapter for the purpose of:

22           (1) defining a particular area to be taxed; and

23           (2) entering a tax allocation agreement as provided by  
24 this chapter.

25           (d) This chapter does not eliminate any right granted to a  
26 municipality under general law to annex all or part of the district.  
27 The powers granted to the district and a municipality under this

1 chapter are cumulative of powers granted under other law.

2 Sec. 8159.103. SPECIFIC PROVISIONS OF TAX ALLOCATION  
3 AGREEMENT. The tax allocation agreement made under Section  
4 8159.102 may contain:

5 (1) a method by which the district continues to exist  
6 following annexation by the municipality of all or part of the  
7 district territory, if the district is initially located outside  
8 the corporate boundaries of the municipality;

9 (2) an allocation of the ad valorem tax revenues of the  
10 district and the municipality from property in the district as the  
11 district and the municipality may agree;

12 (3) an allocation of governmental services to be  
13 provided by the municipality or the district following the date of  
14 the inclusion of all or part of the district territory in the  
15 corporate boundaries of the municipality, which must be  
16 proportionate to the allocation of taxes to which the district and  
17 the municipality agreed under Subdivision (2);

18 (4) an agreement under which the district assesses and  
19 collects ad valorem taxes on all taxable property:

20 (A) at a rate applying to the area of the district  
21 included in the municipality and designated as a defined area as  
22 provided by Subchapter J, Chapter 54, Water Code, calculated to pay  
23 for the improvements, facilities, or services that primarily  
24 benefit that area and do not generally benefit the district as a  
25 whole; and

26 (B) at a rate applying to the area of the district  
27 that is not included in the municipality and is designated as a

1 separate defined area as provided by Subchapter J, Chapter 54,  
2 Water Code, calculated to pay for the improvements, facilities, or  
3 services that primarily benefit that area and do not generally  
4 benefit the district as a whole;

5 (5) a provision permitting district bonds in an area  
6 designated as a defined area as provided by Subchapter J, Chapter  
7 54, Water Code, to be sold by negotiated contract, notwithstanding  
8 other law;

9 (6) a provision that the allocation agreement will end  
10 on the date that:

11 (A) all territory in the district is annexed by  
12 the municipality for full purposes; and

13 (B) the district is dissolved as otherwise  
14 provided by law; and

15 (7) any other terms considered appropriate by the  
16 municipality and the district.

17 SECTION 2. (a) The legal notice of the intention to  
18 introduce this Act, setting forth the general substance of this  
19 Act, has been published as provided by law, and the notice and a  
20 copy of this Act have been furnished to all persons, agencies,  
21 officials, or entities to which they are required to be furnished  
22 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
23 Government Code.

24 (b) The governor has submitted the notice and Act to the  
25 Texas Commission on Environmental Quality.

26 (c) The Texas Commission on Environmental Quality has filed  
27 its recommendations relating to this Act with the governor,

1 lieutenant governor, and speaker of the house of representatives  
2 within the required time.

3 (d) The general law relating to consent by political  
4 subdivisions to the creation of districts with conservation and  
5 reclamation powers and the inclusion of land in those districts has  
6 been complied with. All requirements of the constitution and laws  
7 of this state and the rules and procedures of the legislature with  
8 respect to the notice, introduction, and passage of this Act have  
9 been fulfilled and accomplished.

10 SECTION 3. This Act takes effect immediately if it receives  
11 a vote of two-thirds of all the members elected to each house, as  
12 provided by Section 39, Article III, Texas Constitution. If this  
13 Act does not receive the vote necessary for immediate effect, this  
14 Act takes effect September 1, 2007.