

1-1 By: Watson S.B. No. 2042  
1-2 (In the Senate - Filed May 1, 2007; May 1, 2007, read first  
1-3 time and referred to Committee on Intergovernmental Relations;  
1-4 May 8, 2007, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 5, Nays 0; May 8, 2007, sent  
1-6 to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 2042 By: Wentworth

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to the authority of the New Sweden Municipal Utility  
1-11 District No. 1 and municipalities with extraterritorial  
1-12 jurisdiction in the district to enter into annexation and tax  
1-13 allocation agreements.

1-14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-15 SECTION 1. Subtitle F, Title 6, Special District Local Laws  
1-16 Code, is amended by adding Chapter 8159 to read as follows:

1-17 CHAPTER 8159. NEW SWEDEN MUNICIPAL UTILITY DISTRICT NO. 1

1-18 SUBCHAPTER A. GENERAL PROVISIONS

1-19 Sec. 8159.001. DEFINITIONS. In this chapter:

1-20 (1) "Board" means the board of directors of the  
1-21 district.

1-22 (2) "Director" means a member of the board.

1-23 (3) "District" means the New Sweden Municipal Utility  
1-24 District No. 1 as created by the Texas Commission on Environmental  
1-25 Quality by order dated July 20, 2006.

1-26 [Sections 8159.002-8159.100 reserved for expansion]

1-27 SUBCHAPTER B. POWERS AND DUTIES

1-28 Sec. 8159.101. GENERAL POWERS AND DUTIES. The district  
1-29 has:

1-30 (1) the powers and duties provided to a municipal  
1-31 utility district by general law, including Chapters 49 and 54,  
1-32 Water Code, and Chapters 42 and 43, Local Government Code; and

1-33 (2) all the powers and duties necessary or appropriate  
1-34 to accomplish the purposes for which the district was created by the  
1-35 Texas Commission on Environmental Quality.

1-36 Sec. 8159.102. ADDITIONAL POWERS RELATED TO ANNEXATION AND  
1-37 TAX ALLOCATION AGREEMENTS. (a) This section applies only to a  
1-38 municipality that:

1-39 (1) has extraterritorial jurisdiction over the entire  
1-40 area in which the district is located; and

1-41 (2) has made a strategic partnership agreement with  
1-42 the district.

1-43 (b) The district and the municipality may agree to provide  
1-44 for the:

1-45 (1) annexation, including limited purpose annexation,  
1-46 by the municipality of all or a part of the territory of the  
1-47 district; and

1-48 (2) allocation, following annexation of all or part of  
1-49 the district by the municipality, of taxes imposed on real property  
1-50 in the district between the district and the municipality.

1-51 (c) Notwithstanding the limitations otherwise imposed by  
1-52 Subchapter J, Chapter 54, Water Code, the district is granted the  
1-53 powers under that subchapter for the purpose of:

1-54 (1) defining a particular area to be taxed; and

1-55 (2) entering a tax allocation agreement as provided by  
1-56 this chapter.

1-57 (d) This chapter does not eliminate any right granted to a  
1-58 municipality under general law to annex all or part of the district.  
1-59 The powers granted to the district and a municipality under this  
1-60 chapter are cumulative of powers granted under other law.

1-61 Sec. 8159.103. SPECIFIC PROVISIONS OF TAX ALLOCATION  
1-62 AGREEMENT. The tax allocation agreement made under Section  
1-63 8159.102 may contain:

2-1 (1) a method by which the district continues to exist  
2-2 following annexation by the municipality of all or part of the  
2-3 district territory, if the district is initially located outside  
2-4 the corporate boundaries of the municipality;

2-5 (2) an allocation of the ad valorem tax revenues of the  
2-6 district and the municipality from property in the district as the  
2-7 district and the municipality may agree;

2-8 (3) an allocation of governmental services to be  
2-9 provided by the municipality or the district following the date of  
2-10 the inclusion of all or part of the district territory in the  
2-11 corporate boundaries of the municipality, which must be  
2-12 proportionate to the allocation of taxes to which the district and  
2-13 the municipality agreed under Subdivision (2);

2-14 (4) an agreement under which the district assesses and  
2-15 collects ad valorem taxes on all taxable property:

2-16 (A) at a rate applying to the area of the district  
2-17 included in the municipality and designated as a defined area as  
2-18 provided by Subchapter J, Chapter 54, Water Code, calculated to pay  
2-19 for the improvements, facilities, or services that primarily  
2-20 benefit that area and do not generally benefit the district as a  
2-21 whole; and

2-22 (B) at a rate applying to the area of the district  
2-23 that is not included in the municipality and is designated as a  
2-24 separate defined area as provided by Subchapter J, Chapter 54,  
2-25 Water Code, calculated to pay for the improvements, facilities, or  
2-26 services that primarily benefit that area and do not generally  
2-27 benefit the district as a whole;

2-28 (5) a provision permitting district bonds in an area  
2-29 designated as a defined area as provided by Subchapter J, Chapter  
2-30 54, Water Code, to be sold by negotiated contract, notwithstanding  
2-31 other law;

2-32 (6) a provision that the allocation agreement will end  
2-33 on the date that:

2-34 (A) all territory in the district is annexed by  
2-35 the municipality for full purposes; and

2-36 (B) the district is dissolved as otherwise  
2-37 provided by law; and

2-38 (7) any other terms considered appropriate by the  
2-39 municipality and the district.

2-40 SECTION 2. (a) The legal notice of the intention to  
2-41 introduce this Act, setting forth the general substance of this  
2-42 Act, has been published as provided by law, and the notice and a  
2-43 copy of this Act have been furnished to all persons, agencies,  
2-44 officials, or entities to which they are required to be furnished  
2-45 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
2-46 Government Code.

2-47 (b) The governor has submitted the notice and Act to the  
2-48 Texas Commission on Environmental Quality.

2-49 (c) The Texas Commission on Environmental Quality has filed  
2-50 its recommendations relating to this Act with the governor,  
2-51 lieutenant governor, and speaker of the house of representatives  
2-52 within the required time.

2-53 (d) The general law relating to consent by political  
2-54 subdivisions to the creation of districts with conservation and  
2-55 reclamation powers and the inclusion of land in those districts has  
2-56 been complied with. All requirements of the constitution and laws  
2-57 of this state and the rules and procedures of the legislature with  
2-58 respect to the notice, introduction, and passage of this Act have  
2-59 been fulfilled and accomplished.

2-60 SECTION 3. This Act takes effect immediately if it receives  
2-61 a vote of two-thirds of all the members elected to each house, as  
2-62 provided by Section 39, Article III, Texas Constitution. If this  
2-63 Act does not receive the vote necessary for immediate effect, this  
2-64 Act takes effect September 1, 2007.

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