

## **BILL ANALYSIS**

C.S.H.B. 1090  
By: Parker  
Natural Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Oak Point Water Control and Improvement District No. 4 encompasses an area of land outside of the corporate limits of any city and within the extraterritorial jurisdiction of the City of Oak Point, Denton County, Texas. The land located within the district is single-family residential and commercial development. Therefore, road services need to be secured. It is necessary to empower the district under applicable provisions in order to purchase, acquire, or construct facilities for such roads to serve the future occupants of the land using tax exempt bonds. It is also necessary to empower the district with authority to impose a tax to repay the bonds.

C.S.H.B. 1090 establishes provisions regarding the district's authority for road projects and ability to issue bonds and other obligations, as well as the imposition of a property tax and a required economic feasibility study.

### **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**

C.S.H.B. 1090 amends the Special District Local Laws Code to create the Oak Point Water Control and Improvement District No. 4 of Denton County and provide the district the powers and duties provided by the general law of Texas applicable to water control and improvement districts. The bill defines "district" as the Oak Point Water Control and Improvement District No. 4 of Denton County for the purposes of these provisions.

C.S.H.B. 1090 authorizes the district to design, acquire, construct, finance, issue bonds for, improve, operate, maintain and convey to Texas, a county, or a municipality for operation and maintenance macadamized, graveled, or paved roads, or improvements, including storm drainage, in aid of those roads. The bill authorizes the district to exercise its authority for a road project only on or after the date the governing body of the municipality in whose extraterritorial jurisdiction any part of the district is located by resolution consents to the district exercising that authority. The bill establishes that if the governing body of the municipality does not adopt a resolution consenting to the district's road project authority before January 1, 2010, such authority and the bill's provisions regarding road standards and requirements and an economic feasibility study expire on that date.

C.S.H.B. 1090 requires a road project to meet all applicable construction standards, zoning and subdivision requirements, and regulations of each municipality in whose corporate limits or extraterritorial jurisdiction the road project is located. The bill requires a road project, if it is not located in the corporate limits or extraterritorial jurisdiction of a municipality, to meet all applicable construction standards, subdivision requirements, and regulations of each county in which the project is located. The bill requires the Texas Transportation Commission, if the state will maintain and operate the road, to approve the plans and specifications of the project.

C.S.H.B. 1090 requires the district, not later than the 30th day before the date the district issues for a road purpose bonds payable from property taxes of the district, to deliver to the municipality whose extraterritorial jurisdiction includes district territory a report of the conclusions of an independent economic feasibility study that support the ability of the district to pay debt service on the bonds under consideration at a tax rate of 95 cents or less per \$100 assessed valuation on all property subject to taxation by the district, assuming a 95 percent collection rate. The bill requires the economic feasibility study to establish the ability of the district to issue the bonds based on certain factors and the value of projected improvements to be financed by the bonds. The bill prohibits the district from issuing the bonds unless the governing body of the district approves the conclusions of the economic feasibility study and requires the governing body to approve or disapprove the conclusions not later than the 30th day after the date the municipality receives the report. The bill establishes that the conclusions are considered approved if the governing body of the municipality does not approve or disapprove the conclusions by that 30th day. The bill establishes that if the Texas Commission on Environmental Quality assumes jurisdiction over the district's issuance of bonds for a road purpose, the bill's provisions regarding the study expire on the day after the date the commission assumes the jurisdiction.

C.S.H.B. 1090 prohibits the district from exercising the power of eminent domain outside the district to acquire a site or easement for an authorized road project or for a recreational facility.

C.S.H.B. 1090 authorizes the district to issue bonds or other obligations payable wholly or partly from property taxes, impact fees, revenue, contract payments, grants, or other district money, or any combination of those sources, to pay for any authorized district purpose. The bill authorizes the district to impose a tax to pay the principal of or interest on the issued bonds. The bill requires the district, at the time the district issues bonds payable wholly or partly from property taxes, to provide for the annual imposition of a continuing direct property tax, without limit as to rate or amount, while all or part of the bonds are outstanding. The bill prohibits the district from issuing bonds payable from property taxes to finance a road project unless the issuance is approved by a vote of two-thirds majority of the district voters voting at an election held for that purpose. The bill prohibits the total principal amount of bonds or other obligations issued or incurred to finance road projects and payable from property taxes from exceeding one-fourth of the assessed value of the real property in the district at the time of issuance.

### **EFFECTIVE DATE**

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 1090 adds a provision not in the original authorizing the Oak Point Water Control and Improvement District No. 4 of Denton County to exercise its authority for a road project only on or after the date the governing body of the municipality in whose extraterritorial jurisdiction any part of the district is located by resolution consents to the district exercising that authority. The substitute adds a provision not in the original establishing that if the governing body of the municipality does not adopt a resolution consenting to the district's road project authority before January 1, 2010, such authority and the bill's provisions regarding road standards and requirements and an economic feasibility study expire on that date.

C.S.H.B. 1090 adds a provision not in the original requiring the district to deliver to the municipality whose extraterritorial jurisdiction includes district territory, before a certain time, a report of the conclusions of an independent economic feasibility study that support the ability of the district to pay debt service on the bonds and sets forth conditions and criteria for the study.

C.S.H.B. 1090 removes a provision in the original requiring the district to comply with all applicable requirements of an ordinance or resolution by which the governing body of a municipality consents to the creation of the district or to the inclusion of land in the district, including an ordinance or resolution adopted before the effective date of the bill.