

BILL ANALYSIS

H.B. 1456
By: Zerwas
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, the land located within the boundaries of the proposed Fort Bend-Waller Counties Municipal Utility District No. 2 (the “District”) is undeveloped. The territory of the District would lie partially in the corporate limits of the City of Katy and partially in the extraterritorial jurisdiction of the City of Houston. The District would also be partially within Fort Bend County and partially within Waller County. The District would have all of the powers granted to municipal utility districts operating pursuant to Chapters 49 and 54, Texas Water Code, with road powers pursuant to Article 3, Section 52 of the Constitution of Texas.

H.B. 1456 creates Fort Bend-Waller Counties Municipal Utility District No. 2.

RULEMAKING AUTHORITY

It is the Committee’s opinion that the bill does not expressly delegate any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Subtitle F, Title 6, Special District Local Laws Code, by adding Chapter 8329, as follows:

CHAPTER 8329. FORT BEND-WALLER COUNTIES MUNICIPAL UTILITY DISTRICT NO. 2

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8329.001. DEFINITIONS. Defines “Board,” “Director,” and “District.”

Sec. 8329.002. NATURE OF DISTRICT. Provides that the District is a municipal utility district created under Section 59, Article XVI, Texas Constitution.

Sec. 8329.003. CONFIRMATION AND DIRECTORS’ ELECTION REQUIRED. Requires the temporary directors to hold an election to confirm the creation of the District and to elect permanent directors.

Sec. 8329.004. CONSENT OF MUNICIPALITY REQUIRED. Provides that the temporary directors may not hold a confirmation and directors’ election until each municipality in whose corporate limits or extraterritorial jurisdiction the District is located has provided consent to the creation of the District.

Sec. 8329.005. FINDINGS OF PUBLIC PURPOSE AND BENEFIT. Provides that the District is created to serve a public purpose and benefit and that the district is created to accomplish the purposes of a municipal utility district under Section 59, Article XVI, and Section 52, Article II, Texas Constitution.

Sec. 8329.006. INITIAL DISTRICT TERRITORY. Provides that the District is initially composed of territory described by Section 2 of the Act and provides that a mistake in the field notes does not affect the District’s validity or powers.

[Sections 8329.007-8329.050 reserved for expansion]

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8329.051. GOVERNING BODY; TERMS. Sets forth the number and terms of directors of the Board.

Sec. 8329.052. TEMPORARY DIRECTORS. Provides the names of the temporary board and sets forth the method of determining the terms, appointment or reappointment of the temporary directors.

[Sections 8329.053-8329.100 reserved for expansion]

SUBCHAPTER C. POWERS AND DUTIES

Sec. 8329.101. GENERAL POWERS AND DUTIES. Provides that the District has the powers and duties necessary to accomplish the purposes for which the District is created.

Sec. 8329.102. MUNICIPAL UTILITY DISTRICT POWERS AND DUTIES. Provides that the District has the powers and duties of a municipal utility district, as provided by general law, including Chapters 49 and 54, Water Code.

Sec. 8329.103. AUTHORITY FOR ROAD PROJECTS. Authorizes the District to design, acquire, construct, finance, issue bonds for, improve, improve, operate, maintain, and convey to the state, county or municipality for operation and maintenance macadamized, graveled, or paved roads or improvements in aid thereof.

Sec. 8329.104. ROAD STANDARDS AND REQUIREMENTS. Requires the all road projects to meet applicable standards and requirements of each municipality in whose corporate limits or extraterritorial jurisdiction the road project is located. If municipal standards to not apply, requires road projects to meet applicable standards and requirements of each county in which the road project is located. Requires approval by the Texas Transportation Commission of plans and specifications of road projects to be operated and maintained by the state.

Sec. 8329.105. COMPLIANCE WITH MUNICIPAL CONSENT ORDINANCE OR RESOLUTION. Requires the District to comply with any ordinance or resolution adopted by a municipality providing consent to the creation of the District or inclusion of land in the District.

Sec. 8329.106. LIMITATION ON USE OF EMINENT DOMAIN. Prohibits the District from exercising the power of eminent domain outside the District's boundaries to acquire a site or easement for a road project or a recreational facility.

[Sections 8329.107-8329.150 reserved for expansion]

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 8329.151. ELECTIONS REGARDING TAXES OR BONDS. Authorizes the district to issue bonds that are secured by revenues or contract payments without an election. Requires the District to hold an election to obtain voter approval prior to the imposition of ad valorem taxes or the issuance of bonds payable from ad valorem taxes. Requires approval by two-thirds majority vote of District voters prior to issuance of bonds for road projects.

Sec. 8329.152. OPERATION AND MAINTENANCE TAX. Authorizes the District to impose an operation and maintenance tax, if authorized at an election, and to determine the applicable tax rate.

Sec. 8329.153. CONTRACT TAXES. Allows the District to impose an ad valorem tax to make payments under a contract if the contract is approved by the voters of the District. Provides that the contract may contain a provision allowing the contract to be modified or amended without further voter approval.

[Sections 8329.154-8329.200 reserved for expansion]

SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

Sec. 8329.201. **AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS.** Authorizes the District to issue bonds, notes, or other obligations to pay for authorized purposes of the District.

Sec. 8329.202. **TAXES FOR BONDS.** Upon the issuance of bonds payable wholly or partly from ad valorem taxes, requires the District to impose an ad valorem tax while all or part of the bonds are outstanding.

Sec. 8329.203. **BONDS FOR ROAD PROJECTS.** Limits the issuance of bonds used to finance road projects to one-fourth of the assessed value of real property in the District.

SECTION 2. Sets forth the geographical boundaries of the District.

SECTION 3. Sets forth legislative findings regarding the fulfillment of procedural requirements with respect to the notice, introduction, and passage of this Act.

SECTION 4. **EFFECTIVE DATE.** Provides the effective date of this Act.

EFFECTIVE DATE

This Act takes effect immediately if it receives a vote of two-thirds of all members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, the effective date is September 1, 2009.