

BILL ANALYSIS

H.B. 2035
By: Keffer
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, the land located within the boundaries of the proposed Hood County Granbury Municipal Utility District No. 1 (the “district”) is mostly within the extraterritorial jurisdiction of the City of Granbury. The district would be created over 2129.78 acres in Hood County to provide necessary water, wastewater, drainage and roadway services to the property located within the district for a future master-planned residential community and related commercial property. 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 III, Section 52 of the Constitution of Texas.

H.B. 2035 creates the Hood County Granbury Municipal Utility District No. 1.

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 8342 as follows:

CHAPTER 8342. HOOD COUNTY GRANBURY MUNICIPAL UTILITY DISTRICT NO. 1

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8342.001. DEFINITIONS. Defines “Board,” “Director,” and “District.”

Sec. 8342.002. NATURE OF DISTRICT. Provides that the district is a municipal utility district created under Section 59, Article XVI, Texas Constitution.

Sec. 8342.003. 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 as provided by Section 49.102, Water Code.

Sec. 8342.004. CONSENT OF MUNICIPALITY AND DEVELOPMENT AGREEMENT REQUIRED. Provides that the temporary directors may not hold an election under Section 8342.003 until each municipality within the corporate limits or extraterritorial jurisdiction has consented by ordinance or resolution to the creation of the district and entered into a development agreement with the majority owner of the assessed value of the real property in the district. Provides that if a development agreement has not been entered into before September 1, 2010, the district is dissolved except that any debts incurred shall be paid; any assets that remain after the payment of debts shall be transferred to Hood County; and the organization of the district shall be maintained until all debts are paid and remaining assets are transferred; and this chapter expires September 1, 2013.

Sec. 8342.005. 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 general law, Section 59, Article XVI, Texas Constitution, and Section 52, Article III, Texas Constitution.

Sec. 8342.006. 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 or in copying the field notes does not affect the district's validity or powers.

[Sections 8342.007-8342.050 reserved for expansion]

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8342.051. GOVERNING BODY; TERMS. Provides that the district is governed by a board of five directors. Provides that except as provided by Section 8342.052, directors serve staggered four-year terms.

Sec. 8342.052. TEMPORARY DIRECTORS. Provides the names of individuals who will serve as temporary directors until the earlier of the date permanent directors are elected or September 1, 2013. Provides that if permanent directors have not been elected and the terms of the temporary directors have expired, successor temporary directors shall be appointed or reappointed to serve terms that expire on the earlier of the date permanent directors are elected or the fourth anniversary of the date of the appointment or reappointment . Provides that successor temporary directors shall be appointed by a petition to the Texas Commission on Environmental Quality by the owner or owners of a majority of the assessed value of the real property in the district. Provides that the Texas Commission on Environmental Quality shall appoint the five persons named in that petition.

[Sections 8342.053-8342.100 reserved for expansion]

SUBCHAPTER C. POWERS AND DUTIES

Sec. 8342.101. 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. 8342.102. 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, applicable to municipality utility districts created under Section 59, Article XVI, Texas Constitution.

Sec. 8342.103. AUTHORITY FOR ROAD PROJECTS. Authorizes the district to design, acquire, construct, finance, issue bonds for, improve and convey to the state, county or municipality for operation and maintenance road projects under Section 52, Article III, Texas Constitution.

Sec. 8342.104. ROAD STANDARDS AND REQUIREMENTS. Requires that the district must meet all applicable construction standards, zoning and subdivision requirements, and regulations of each municipality in whose corporate limits or extraterritorial jurisdiction where the road project is located; if outside of a corporation limits or extraterritorial jurisdiction of a municipality, then each county in which the road project is located; and if the state will maintain and operate the road, the Texas Transportation Commission must approve the plans and specifications of the road project.

Sec. 8342.105. COMPLIANCE WITH MUNICIPAL REGULATIONS. Requires any water, sanitary sewer, drainage, or other infrastructure or public facilities constructed, acquired, improved, maintained or operated by the district to meet any subdivision or other applicable regulations of any municipality in whose corporate limits or extraterritorial jurisdiction where the public facilities are located.

Sec. 8342.106. COMPLIANCE WITH MUNICIPAL CONSENT ORDINANCE OR RESOLUTION. Requires the district to comply with all applicable requirements of any ordinance or resolution that is adopted under Section 54.016 or 54.0165, Water Code, and that consents to the creation of the district or to the inclusion of land in the district.

Sec. 8342.107. 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 authorized by Section 8342.103 or a recreational facility defined by Section 49.462, Water Code.

Sec. 8342.108. DIVISION OF DISTRICT. Provides that the district may be divided into two or more new districts only if the district has no outstanding bonded debt and the district is not imposing ad valorem taxes. Provides that the division procedure is prescribed by Sections 53.030 through 53.041, Water Code. Provides that any new district created by the division of the district has all the powers and duties of the district and is subject to all limitations and conditions provided by this chapter. Provides that at the time of creation, any new district created by the division of the district may not contain land that is not contiguous to the area described by Section 2 of the Act creating this chapter. Provides that a division may not occur until each municipality in whose corporate limits or extraterritorial jurisdiction where the district is located has adopted a resolution consenting to the division.

Sec. 8342.109. LIMITATION ON DISSOLUTION OF DISTRICT. Provides that before the issuance of bonds, the district or any new district created by division may be dissolved only upon approval of the board, the majority owner of the assessed value of the real property in the district or in the new district and the governing body of each municipality in whose corporate limits or extraterritorial jurisdiction the district or the new district lies. Provides that the district or any new district may not be dissolved if it has outstanding bonded debt unless all property in the district or the new district is annexed by a municipality, the dissolution is approved by the governing body of the municipality, and the bonded debt and developer reimbursement obligation of the district or the new district are assumed by the municipality in whose corporate limits or extraterritorial jurisdiction where the district or the new district is located or by another entity approved by the municipality. Provides that if the district or any new district has outstanding bonded debt that the dissolution is effective when all outstanding bonded debt and developer reimbursement obligations have been discharged.

Sec. 8342.110. DEDICATION OF AIRPORT PROPERTY. Provides that the district may dedicate property owned by the district for the operation, use, or expansion of a municipal airport.

[Sections 8342.111-8342.150 reserved for expansion]

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 8342.151. ELECTIONS REGARDING TAXES OR BONDS. Authorizes the district to issue bonds that are secured by revenues, other than ad valorem taxes, 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 voting prior to issuance of bonds for road projects.

Sec. 8342.152. 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. 8342.153. CONTRACT TAXES. Allows the district to impose a tax other than an operation and maintenance tax to make payments under a contract if the contract is approved by a majority of 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 8342.154-8342.200 reserved for expansion]

SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

Sec. 8342.201. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS. Authorizes the district to issue bonds or other obligations to pay for authorized purposes of the district.

Sec. 8342.202. 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. 8342.203. BONDS FOR ROAD PROJECTS. Limits the issuance of bonds used to finance road projects not to exceed 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. Provides the effective date of this Act.

EFFECTIVE DATE

This Act takes effect September 1, 2009.