

## **BILL ANALYSIS**

C.S.H.B. 4711  
By: Flynn  
Natural Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Hunt County Municipal Utility District No. 1 will encompass an area of land outside the corporate limits of any city and within the extraterritorial jurisdiction of the City of Greenville, Hunt County. The land located within the district will be developed into single-family residential and commercial development; therefore, water, sewer, drainage, and road services need to be secured. It is necessary to create the district under provisions applicable to all districts and provisions applicable to a municipal utility district and to a conservation and reclamation district in order to purchase, acquire, or construct facilities for such services 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 and issue bonds and to grant the district the limited power of eminent domain.

C.S.H.B. 4711 establishes provisions regarding the creation, administration, powers, duties, operation, and financing of the Hunt County Municipal Utility District No. 1.

### **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. 4711 amends the Special District Local Laws Code to set forth standard language for the creation of the Hunt County Municipal Utility District No. 1. The bill sets forth general provisions for the nature of the district, the confirmation of the district and election of the board of directors, municipal consent, annexation of land and a required development agreement, the district's public purpose and benefit, and initial district territory; the number of members and terms of the board of directors of the district, including provisions for temporary directors; the powers and duties of the district, including the power to undertake certain road projects and the approval necessary and the standards and requirements for such projects, provision of water and wastewater facilities and services, required compliance with municipal consent ordinances and resolutions, annexation by the City of Greenville, the authority to construct, acquire, improve, maintain, and operate rail facilities and improvements in aid of those facilities, the limited use of eminent domain, and the procedures for the division of the district.

C.S.H.B. 4711 sets forth general financial provisions authorizing a district, subject to the approval of district voters with limited exception, to issue bonds and other obligations, impose a property tax for operations and maintenance, and impose contract taxes. The bill requires the board, on 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 as required. The bill requires the total principal amount of bonds or other obligations issued or incurred to finance road projects and payable from property taxes to not exceed one-fourth of the assessed value of the real property in the district at the time of issuance. The bill prohibits the district from refinancing any debt incurred on behalf of the

district more than one time without the prior written consent of the city and sets forth provisions relating to the dissolution of the district following annexation by the City of Greenville, including collection of revenue other than property taxes and assumption of district assets and liabilities by the city. The bill sets forth in detail the initial boundaries of the district. The bill defines the terms "board," "director," and "district."

### **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. 4711 adds provisions not in the original providing for the event that the creation of the Hunt County Municipal Utility District No. 1 is not confirmed at a confirmation election held before September 1, 2013. The substitute modifies and expands provisions in the original relating to a development agreement between the district and the City of Greenville and omits a provision in the original requiring certain land to be in the extraterritorial jurisdiction of the city.

C.S.H.B. 4711 adds provisions not in the original requiring the district to make available any district water or wastewater facility to each person that holds a certificate of convenience and necessity to which any land in the district is subject and prohibiting the district from providing retail water or wastewater services.

C.S.H.B. 4711 adds a provision not in the original requiring the district to pay all costs associated with the maintenance or operation of a road project.

C.S.H.B. 4711 differs from the original by authorizing the city to annex a district created under the bill's provisions on the earlier of the date that water, sanitary sewer, drainage, and road improvements and roads have been constructed to serve 90 percent of the land of the district, or the 15th anniversary of the date of the election held to confirm the creation of the district or any new district created by the division of the district, whereas the original authorized such annexation only if such improvements and roads have been constructed to serve 95 percent of the territory of the district, or the annexation occurs at least 20 years after the date of the election held to confirm the creation of the district.

C.S.H.B. 4711 omits a provision in the original establishing that the assets, obligations, territory, and governance of a new district formed by the division of the Hunt County Municipal Utility District No. 1 revert to that of the original district if the voters of the new district do not confirm the creation of the new district. The substitute differs from the original in provisions relating to municipal consent requirements for the creation of any new district created by the division of the district by including county consent requirements if the district is not located wholly or partly in the corporate limits or extraterritorial jurisdiction of a municipality.

C.S.H.B. 4711 adds provisions not in the original prohibiting the district from refinancing any debt incurred on behalf of the district more than one time without the prior written consent of the city and provisions relating to the dissolution of the district following annexation by the city, including collection of revenue other than property taxes and assumption of assets and liabilities.