

BILL ANALYSIS

H.B. 4734
By: Creighton
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Montgomery County Municipal Utility District No. 128 will encompass an area of land outside the corporate limits of any city and within the extraterritorial jurisdiction of the City of Conroe, Montgomery County, Texas; Montgomery County Municipal Utility District No. 129 will encompass an area of land outside the corporate limits of any city and within the extraterritorial jurisdiction of the City of Willis, Montgomery County. The land to be located within the districts 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 districts under Chapters 49 and 54, Water Code, relating to provisions applicable to all districts and municipal utility districts, respectively, and Section 59, Article XVI, Texas Constitution, in order to purchase, acquire, or construct facilities for such services to serve the future occupants of the land utilizing tax exempt bonds. It is also necessary to empower the districts with authority to impose a tax and issue bonds and to have the power of eminent domain.

H.B. 4734 provides for the creation, administration, powers, duties, operation, and financing of the districts.

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

H.B. 4734 amends the Special District Local Laws Code to set forth standard language for the creation of the Montgomery County Municipal Utility Districts Nos. 128 and 129. The bill sets forth general provisions for the nature of the districts, the confirmation of the districts and election of the boards of directors, municipal consent, the districts' public purpose and benefit, and initial territory of the districts; the number of members and terms of the boards of directors of the districts, including provisions for temporary directors; the powers and duties of the districts, including the power to undertake certain road projects and the standards and requirements for such projects, required compliance with municipal ordinance and resolutions, and the limited use of eminent domain; the procedures for the division of the districts; and the effect of annexation of the districts by a municipality within whose extraterritorial jurisdiction the land in the districts lies.

H.B. 4734 sets forth general financial provisions authorizing the districts, 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 boards, 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 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 districts at the time of

issuance. The bill sets forth in detail the initial boundaries of the districts. The bill defines the terms "board," "director," and "district."

EFFECTIVE DATE

September 1, 2009.