

## **BILL ANALYSIS**

C.S.H.B. 4737  
By: Phillips  
Natural Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Lake Texoma Municipal Utility District No. 1 will encompass an area of land currently located within the extraterritorial jurisdiction of the City of Denison, Grayson County, Texas. The land to be located within the district will be developed into single-family residential and commercial developments. Therefore, water, sewer, drainage, and road services need to be secured. It is necessary to create the district under provisions applicable to all districts, under provisions applicable to a municipal utility district, and under provisions applicable to conservation and reclamation districts in order to purchase, acquire, or construct facilities for such services needed by 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, as well as grant the district the power of eminent domain.

C.S.H.B. 4737 provides provisions regarding the creation, administration, powers, duties, operation, and financing of the district.

### **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. 4737 amends the Special District Local Laws Code to set forth standard language for the creation of the Lake Texoma Municipal Utility District No. 1 in Grayson County. The bill sets forth general provisions for the nature of the district, the confirmation of the district and election of the board of directors, the requirement of a development agreement, the district's public purpose and benefit, initial district territory, and eligibility for inclusion in a tax increment reinvestment zone; 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 standards and requirements for such projects, required compliance with municipal ordinance and resolutions, and the effect of the annexation by City of Denison; the procedures for the division and dissolution of the district; and the limited use of eminent domain.

C.S.H.B. 4737 sets forth general financial provisions authorizing the 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 sets forth in detail the initial boundaries of the district. The bill defines the terms "board," "director," and "district."

**EFFECTIVE DATE**

September 1, 2009.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 4737 differs from the original in nonsubstantive ways by using language reflective of certain bill drafting conventions and clarifying a provision relating to the district's authority to undertake road projects. The substitute differs from the original by providing that if the voters of a new district created by division of Lake Texoma Municipal Utility District No. 1 do not confirm the creation of the new district, the assets, obligations, territory, and governance of the new district revert to that of the original district. The substitute differs from the original by providing an effective date for the bill.