

BILL ANALYSIS

C.S.H.B. 4764
By: Chisum
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Recently, there have been a number of different industries, primarily the wind energy industry, developed in the Panhandle, resulting in rapid economic growth. This growth has elicited interest on the part of real estate developers who want to build communities, an activity that will further enhance this economic growth. This bill will give Gray County the ability to continue to grow economically.

The proposed Gray 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 Pampa. The land to be located within the district will be used for single-family residential and commercial development, and water, sewer, drainage, and road services need to be secured. Creation of the district is needed for the purposes of purchasing, acquiring, or constructing facilities to serve the future occupants within the district's boundaries.

C.S.H.B. 4764 creates the Gray County Municipal Utility District No. 1, and grants the district the authority to impose taxes and issue bonds.

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. 4764 amends the Special District Local Laws Code to set forth standard language for the creation of the Gray 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, 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 standards and requirements for such projects, required compliance with municipal consent ordinances and resolutions, the limited use of eminent domain; and the division of the district at a later date.

C.S.H.B. 4764 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.

C.S.H.B. 4764 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. 4764 differs from the original by authorizing the Gray County Municipal Utility District No. 1 to be divided into two or more new districts only if the district has no outstanding bonded debt and is not imposing property taxes, whereas the original authorizes such a division of the district any time after the district's confirmation and before the district issues indebtedness secured by taxes or net revenue.

C.S.H.B. 4764 differs from the original by authorizing the board of directors of the district to divide the district on its own motion or upon receipt of petition by certain landowners in the district and provides that municipal consent to the creation of the district acts as municipal consent to the creation of any new district created by the division of the district, whereas the original requires the board to hold an election to determine whether the district should be divided. The substitute adds provisions not in the original requiring a new district to hold an election to confirm the new district's creation.

C.S.H.B. 4764 adds provisions not in the original requiring a new district to hold an election for voter approval before imposing a maintenance tax or issuing bonds payable from property taxes. The substitute omits provisions included in the original authorizing new districts to contract with each other for water and wastewater services.