

By: Parker

H.B. No. 1089

A BILL TO BE ENTITLED

AN ACT

relating to the powers and duties of the Denton County Municipal Utility District No. 4 and the Denton County Municipal Utility District No. 5; providing authority to impose a tax and issue bonds; granting a limited power of eminent domain.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle F, Title 6, Special District Local Laws Code, is amended by adding Chapters 8308 and 8309 to read as follows:

CHAPTER 8308. DENTON COUNTY MUNICIPAL

UTILITY DISTRICT NO. 4

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8308.001. DEFINITION. In this chapter, "district" means the Denton County Municipal Utility District No. 4.

[Sections 8308.002-8308.050 reserved for expansion]

SUBCHAPTER B. POWERS AND DUTIES

Sec. 8308.051. MUNICIPAL UTILITY DISTRICT POWERS AND DUTIES. The district has the powers and duties provided by the general law of this state, including Chapters 49 and 54, Water Code, applicable to municipal utility districts created under Section 59, Article XVI, Texas Constitution.

Sec. 8308.052. AUTHORITY FOR ROAD PROJECTS. (a) Under Section 52, Article III, Texas Constitution, the district may design, acquire, construct, finance, issue bonds for, improve,

1 operate, maintain and convey to this state, a county, or a
2 municipality for operation and maintenance macadamized, graveled,
3 or paved roads, or improvements, including storm drainage, in aid
4 of those roads.

5 (b) The district may exercise its authority under this
6 section only on or after the date the governing body of the
7 municipality in whose extraterritorial jurisdiction any part of the
8 district is located by resolution consents to the district
9 exercising that authority. If the governing body of the
10 municipality does not adopt a resolution under this section
11 consenting to the district's road project authority before January
12 1, 2010, this section and Sections 8308.053 and 8308.054 expire on
13 that date.

14 Sec. 8308.053. ROAD STANDARDS AND REQUIREMENTS. (a) A road
15 project must meet all applicable construction standards, zoning and
16 subdivision requirements, and regulations of each municipality in
17 whose corporate limits or extraterritorial jurisdiction the road
18 project is located.

19 (b) If a road project is not located in the corporate limits
20 or extraterritorial jurisdiction of a municipality, the road
21 project must meet all applicable construction standards,
22 subdivision requirements, and regulations of each county in which
23 the road project is located.

24 (c) If the state will maintain and operate the road, the
25 Texas Transportation Commission must approve the plans and
26 specifications of the road project.

27 Sec. 8308.054. ECONOMIC FEASIBILITY STUDY. (a) Not later

1 than the 30th day before the date the district issues for a road
2 purpose bonds payable from ad valorem taxes of the district, the
3 district shall deliver to the municipality whose extraterritorial
4 jurisdiction includes district territory a report of the
5 conclusions of an independent economic feasibility study that
6 support the ability of the district to pay debt service on the bonds
7 under consideration at a tax rate of 95 cents or less per \$100
8 assessed valuation on all property subject to taxation by the
9 district, assuming a 95 percent collection rate.

10 (b) The economic feasibility study must establish:

11 (1) the ability of the district to issue the bonds
12 based on:

13 (A) land values in the district;

14 (B) the tax rate necessary to support the
15 district's payment of debt service on the district's ad valorem tax
16 bonds; and

17 (C) other factors enabling the district to
18 support a reasonable tax rate for debt service; and

19 (2) the value of projected improvements to be financed
20 by the bonds.

21 (c) The district may not issue the bonds unless the
22 governing body of the district approves the conclusions of the
23 economic feasibility study. Not later than the 30th day after the
24 date the municipality receives the study report, the governing body
25 of the municipality shall either approve or disapprove the
26 conclusions. If the governing body of the municipality does not
27 approve or disapprove the conclusions by that 30th day, the

1 conclusions are considered approved.

2 (d) If the Texas Commission on Environmental Quality
3 assumes jurisdiction over the district's issuance of bonds for a
4 road purpose, this section expires on the day after the date the
5 commission assumes the jurisdiction.

6 Sec. 8308.055. LIMITATION ON USE OF EMINENT DOMAIN. The
7 district may not exercise the power of eminent domain outside the
8 district to acquire a site or easement for:

- 9 (1) a road project authorized by Section 8308.052; or
10 (2) a recreational facility as defined by Section
11 49.462, Water Code.

12 [Sections 8308.056-8308.100 reserved for expansion]

13 SUBCHAPTER C. GENERAL FINANCIAL PROVISIONS

14 Sec. 8308.101. TAX TO REPAY BONDS. The district may impose
15 a tax to pay the principal of or interest on bonds issued under
16 Section 8308.151.

17 [Sections 8308.102-8308.150 reserved for expansion]

18 SUBCHAPTER D. BONDS AND OTHER OBLIGATIONS

19 Sec. 8308.151. AUTHORITY TO ISSUE BONDS AND OTHER
20 OBLIGATIONS. The district may issue bonds or other obligations
21 payable wholly or partly from ad valorem taxes, impact fees,
22 revenue, contract payments, grants, or other district money, or any
23 combination of those sources, to pay for any authorized district
24 purpose.

25 Sec. 8308.152. TAXES FOR BONDS. At the time the district
26 issues bonds payable wholly or partly from ad valorem taxes, the
27 district shall provide for the annual imposition of a continuing

1 direct ad valorem tax, without limit as to rate or amount, while all
2 or part of the bonds are outstanding as required and in the manner
3 provided by Sections 54.601 and 54.602, Water Code.

4 Sec. 8308.153. BONDS FOR ROAD PROJECTS. (a) The district
5 may not issue bonds payable from ad valorem taxes to finance a road
6 project unless the issuance is approved by a vote of a two-thirds
7 majority of the district voters voting at an election held for that
8 purpose.

9 (b) At the time of issuance, the total principal amount of
10 bonds or other obligations issued or incurred to finance road
11 projects and payable from ad valorem taxes may not exceed
12 one-fourth of the assessed value of the real property in the
13 district.

14 CHAPTER 8309. DENTON COUNTY MUNICIPAL

15 UTILITY DISTRICT NO. 5

16 SUBCHAPTER A. GENERAL PROVISIONS

17 Sec. 8309.001. DEFINITION. In this chapter, "district"
18 means the Denton County Municipal Utility District No. 5.

19 [Sections 8309.002-8309.050 reserved for expansion]

20 SUBCHAPTER B. POWERS AND DUTIES

21 Sec. 8309.051. MUNICIPAL UTILITY DISTRICT POWERS AND
22 DUTIES. The district has the powers and duties provided by the
23 general law of this state, including Chapters 49 and 54, Water Code,
24 applicable to municipal utility districts created under Section 59,
25 Article XVI, Texas Constitution.

26 Sec. 8309.052. AUTHORITY FOR ROAD PROJECTS. (a) Under
27 Section 52, Article III, Texas Constitution, the district may

1 design, acquire, construct, finance, issue bonds for, improve,
2 operate, maintain and convey to this state, a county, or a
3 municipality for operation and maintenance macadamized, graveled,
4 or paved roads, or improvements, including storm drainage, in aid
5 of those roads.

6 (b) The district may exercise its authority under this
7 section only on or after the date the governing body of the
8 municipality in whose extraterritorial jurisdiction any part of the
9 district is located by resolution consents to the district
10 exercising that authority. If the governing body of the
11 municipality does not adopt a resolution under this section
12 consenting to the district's road project authority before January
13 1, 2010, this section and Sections 8309.053 and 8309.054 expire on
14 that date.

15 Sec. 8309.053. ROAD STANDARDS AND REQUIREMENTS. (a) A road
16 project must meet all applicable construction standards, zoning and
17 subdivision requirements, and regulations of each municipality in
18 whose corporate limits or extraterritorial jurisdiction the road
19 project is located.

20 (b) If a road project is not located in the corporate limits
21 or extraterritorial jurisdiction of a municipality, the road
22 project must meet all applicable construction standards,
23 subdivision requirements, and regulations of each county in which
24 the road project is located.

25 (c) If the state will maintain and operate the road, the
26 Texas Transportation Commission must approve the plans and
27 specifications of the road project.

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2 than the 30th day before the date the district issues for a road
3 purpose bonds payable from ad valorem taxes of the district, the
4 district shall deliver to the municipality whose extraterritorial
5 jurisdiction includes district territory a report of the
6 conclusions of an independent economic feasibility study that
7 support the ability of the district to pay debt service on the bonds
8 under consideration at a tax rate of 95 cents or less per \$100
9 assessed valuation on all property subject to taxation by the
10 district, assuming a 95 percent collection rate.

11 (b) The economic feasibility study must establish:

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14 (A) land values in the district;

15 (B) the tax rate necessary to support the
16 district's payment of debt service on the district's ad valorem tax
17 bonds; and

18 (C) other factors enabling the district to
19 support a reasonable tax rate for debt service; and

20 (2) the value of projected improvements to be financed
21 by the bonds.

22 (c) The district may not issue the bonds unless the
23 governing body of the district approves the conclusions of the
24 economic feasibility study. Not later than the 30th day after the
25 date the municipality receives the study report, the governing body
26 of the municipality shall either approve or disapprove the
27 conclusions. If the governing body of the municipality does not

1 approve or disapprove the conclusions by that 30th day, the
2 conclusions are considered approved.

3 (d) If the Texas Commission on Environmental Quality
4 assumes jurisdiction over the district's issuance of bonds for a
5 road purpose, this section expires on the day after the date the
6 commission assumes the jurisdiction.

7 Sec. 8309.055. LIMITATION ON USE OF EMINENT DOMAIN. The
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13 [Sections 8309.056-8309.100 reserved for expansion]

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17 Section 8309.151.

18 [Sections 8309.102-8309.150 reserved for expansion]

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25 purpose.

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1 district shall provide for the annual imposition of a continuing
2 direct ad valorem tax, without limit as to rate or amount, while all
3 or part of the bonds are outstanding as required and in the manner
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5 Sec. 8309.153. BONDS FOR ROAD PROJECTS. (a) The district
6 may not issue bonds payable from ad valorem taxes to finance a road
7 project unless the issuance is approved by a vote of a two-thirds
8 majority of the district voters voting at an election held for that
9 purpose.

10 (b) At the time of issuance, the total principal amount of
11 bonds or other obligations issued or incurred to finance road
12 projects and payable from ad valorem taxes may not exceed
13 one-fourth of the assessed value of the real property in the
14 district.

15 SECTION 2. (a) The legal notice of the intention to
16 introduce this Act, setting forth the general substance of this
17 Act, has been published as provided by law, and the notice and a
18 copy of this Act have been furnished to all persons, agencies,
19 officials, or entities to which they are required to be furnished
20 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
21 Government Code.

22 (b) The governor, one of the required recipients, has
23 submitted the notice and Act to the Texas Commission on
24 Environmental Quality.

25 (c) The Texas Commission on Environmental Quality has filed
26 its recommendations relating to this Act with the governor, the
27 lieutenant governor, and the speaker of the house of

1 representatives within the required time.

2 (d) All requirements of the constitution and laws of this
3 state and the rules and procedures of the legislature with respect
4 to the notice, introduction, and passage of this Act are fulfilled
5 and accomplished.

6 SECTION 3. This Act takes effect immediately if it receives
7 a vote of two-thirds of all the members elected to each house, as
8 provided by Section 39, Article III, Texas Constitution. If this
9 Act does not receive the vote necessary for immediate effect, this
10 Act takes effect September 1, 2009.