

## **BILL ANALYSIS**

H.B. 315  
By: Flynn  
Natural Resources  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The 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. The land to be 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 in the Texas Constitution and the Water Code applicable to all water districts and to municipal utility districts so that the district can purchase, acquire, or construct facilities for such services for the future occupants of the land using tax exempt bonds. It is also necessary to empower the district with the authority to impose a tax and issue bonds and to grant the district limited power of eminent domain. H.B. 315 provides regulations 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**

H.B. 315 amends the Special District Local Laws Code to create the Hunt County Municipal Utility District No. 1. The bill sets out provisions relating to the nature of the district; an election to confirm the district and to elect a permanent board of directors, including provisions for the dissolution of the district if the creation of the district is not confirmed; municipal consent to the creation of the district and to the inclusion of land in the district; the execution of a development agreement by the landowners of the district and the City of Greenville; the district's public purpose and benefit; and the initial district territory. The bill sets out provisions relating to the number and terms of the members of the district board of directors, including provisions for temporary directors; the powers and duties of the district, including provisions relating to water and wastewater facilities and services and the authority to undertake certain road projects and the applicable road standards and requirements; mandatory compliance with any municipal consent ordinance or resolution; the authority of the City of Greenville to annex a district created under the bill's provisions; and rail facilities. The bill, if it receives a two-thirds vote of all the members elected to each house, prohibits the district from exercising the power of eminent domain outside the district to acquire a site or easement for an authorized road project or a recreational facility. The bill, if it does not receive such a vote, prohibits the district from exercising the power of eminent domain. The bill provides for the division of the district.

H.B. 315 sets out provisions authorizing a district to issue, without an election, bonds and other obligations secured by revenue other than property taxes or by certain contract payments. The bill authorizes the district, subject to the approval of district voters, to impose a property tax and issue bonds payable from property taxes, but the district is prohibited from issuing bonds payable from property taxes to finance a road project unless the issuance is approved by a two-thirds majority of district voters. The bill authorizes the district to impose an operation and

maintenance tax if it is authorized at an election and to impose a tax other than an operation and maintenance tax and use the revenue derived from the tax to make payments under a voter-approved contract. The bill authorizes the district to issue bonds or other obligations payable wholly or partly from property taxes, impact fees, revenue, contract payments, grants, revenue from economic development agreements, other district money, or any combination of those sources, and 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. 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 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 of Greenville. The bill dissolves the district on annexation of the district by the municipality and provides for the collection of revenue other than property taxes by the municipality and for the assumption of assets and liabilities by the municipality and Hunt County. The bill sets out in detail the initial boundaries of the district. The bill defines "board," "director," and "district."

#### **EFFECTIVE DATE**

Except as otherwise provided, on passage, or, if the bill does not receive the necessary vote, September 1, 2011.