

BILL ANALYSIS

H.B. 709
By: Fletcher
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Continuing development and growth in Harris County has created the need for large-scale, permanent improvements such as water supply and distribution facilities, wastewater collection and treatment facilities, drainage and flood control projects, recreational facilities, and major thoroughfare improvements. The Texas Constitution provides for the creation of local governmental districts that are authorized to incur indebtedness to provide such permanent improvements, to levy taxes for the maintenance and operation of such improvements, and to provide for the repayment of the indebtedness. H.B. 709 creates, pursuant to such constitutional provisions and subject to the continuing supervisory jurisdiction of the Texas Commission on Environmental Quality, a municipal utility district to be known as the Harris County Municipal Utility District No. 524 over a tract of land containing more than 990 acres in Harris County with limited road powers and additional district division powers; grants a limited power of eminent domain applicable to municipal utility districts, subject to a two-thirds vote of the members of each house; requires compliance with general law consent requirements; and authorizes bonds and taxes with voter approval .

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. 709 amends the Special District Local Laws Code to create the Harris County Municipal Utility District No. 524. 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; municipal consent to the creation of the district and to the inclusion of land in the district; 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 the authority to undertake certain road projects and the requirements for approval of a road project; and mandatory compliance with any municipal consent ordinance or resolution. 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.

H.B. 709 sets out provisions relating to the division of the district and the required prerequisites, law applicable to a new district, limitation on the area of a new district, division procedures, a confirmation election for a new district, and municipal consent. The bill authorizes a new district, subject to voter approval, to impose a maintenance tax and issue bonds payable wholly or partly from property taxes.

H.B. 709 sets out provisions authorizing the Harris County Municipal Utility District No. 524 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, or 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 sets out in detail the initial boundaries of the district. The bill defines "board," "commission," "director," and "district."

EFFECTIVE DATE

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