

BILL ANALYSIS

H.B. 886
By: Smith, Wayne
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Harris County Municipal Utility District No. 528 will encompass an area of land currently located within the corporate boundaries of the City of Baytown in Harris County. Water, sewer, drainage, road, and park and recreational services need to be secured because the land to be located within the district will be developed into single family residential and commercial development. The district will be created under Water Code provisions applicable to all water districts and to municipal utility districts and under constitutional provisions relating to conservation and reclamation districts so that it can use tax exempt bonds to purchase, acquire, or construct facilities for such services. It is also necessary to empower the district with authority to impose a tax and issue bonds and to grant the district the power of eminent domain. H.B. 886 provides for 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. 886 amends the Special District Local Laws Code to create the Harris County Municipal Utility District No. 528. 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 applicable road standards and requirements; and mandatory compliance with any ordinance or resolution adopted by the city council of the City of Baytown. 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. 886 sets out provisions authorizing the 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 prohibits the district 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, September 1, 2011.