

## **BILL ANALYSIS**

H.B. 1524  
By: Phillips  
Natural Resources  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

H.B. 1524 creates a conservation and reclamation district to be known as the Case Creek Municipal Utility District No. 1 of Grayson County. The district will encompass more than 1,500 acres in Grayson County, Texas, and consist of several noncontiguous tracts. Water, sewer, and drainage services and roads need to be secured because the land to be located within the district will be developed into single family residential and commercial development. It is necessary to create the district under Water Code provisions applicable to all water districts and provisions applicable to municipal utility districts and under constitutional provisions relating to conservation and reclamation districts in order to use tax exempt bonds to purchase, acquire, or construct facilities for such services to serve the future occupants of the land. It is also necessary to empower the district with authority to impose a tax and issue bonds and grant the district the power of eminent domain.

### **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. 1524 amends the Special District Local Laws Code to create the Case Creek Municipal Utility District No. 1 of Grayson County. 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; 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, the applicable road standards and requirements, and costs of a road project; and a limitation on water supply and wastewater services and the use of district facilities by Two Way Special Utility District. 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. 1524 sets out provisions relating to division of the district and applicable prerequisites, laws applicable to a new district, a limitation on the area of a new district, division procedures, and a confirmation and directors' election for a new district. The bill authorizes a new district, subject to voter approval, to impose a maintenance tax or issue bonds payable wholly or partly from property taxes.

H.B. 1524 sets out provisions authorizing the Case Creek Municipal Utility District No. 1 of Grayson County 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, September 1, 2011.