

BILL ANALYSIS

H.B. 2238
By: Creighton
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Montgomery County Municipal Utility District No. 112 was created by order of the Texas Commission on Environmental Quality several years ago. The district contains several hundred acres and is located wholly within the extraterritorial jurisdiction of the City of Conroe. The district continues to be a successful development even during these challenging times, with approximately 300 homes within district territory.

When the city consented to the creation of the district, the two parties entered into a strategic partnership agreement that allows for the district to be annexed into the city at a future date and become a limited district for the purpose of paying off the outstanding district debt that exists at that time. A recent court case interpretation of a provision of the Water Code provides that the combined tax rate between the city and the limited district cannot exceed the city's tax rate, but does not provide for any allocation between the parties. Such uncertainty interferes with the ability of the district to issue its debt, as some of its debt will mature beyond the time of the district's future annexation. H.B. 2238 seeks to resolve this dilemma by releasing the district from the application of certain law in order to allow the parties to address the issue, if it arises.

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. 2238 amends the Special District Local Laws Code to establish that the Montgomery County Municipal Utility District No. 112 has the powers and duties provided by the general law of the state, including provisions applicable to all water districts and provisions applicable to municipal utility districts created under constitutional provisions relating to conservation and reclamation districts. The bill makes a provision of law authorizing a city to provide in its written consent for the inclusion of land in a municipal utility district that a contract between the district and the city be entered into prior to the first issue of bonds, notes, warrants, or other obligations of the district inapplicable to the Montgomery County Municipal Utility District No. 112. The bill defines "district."

EFFECTIVE DATE

September 1, 2011.