

## **BILL ANALYSIS**

H.B. 3864  
By: Gooden  
Natural Resources  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Continuing development and growth in North Texas, including such places as Henderson 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, and major thoroughfare improvements. Certain constitutional provisions provide for the creation of local governmental districts that are authorized to incur indebtedness to provide permanent improvements and to levy taxes for the maintenance and operation of the improvements and for the repayment of such indebtedness. H.B. 3864 seeks to establish provisions relating to the creation of the Lazy W District No. 1, providing authority to impose a tax and issue bonds, and granting a limited power of eminent domain in order to provide for a municipal utility district in Henderson County.

### **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. 3864 amends the Special District Local Laws Code to create the Lazy W 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; 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, including provisions for the effect of certain mistakes in the description of the boundaries. 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. The bill, if it does not receive such a vote, prohibits the district from exercising the power of eminent domain.

H.B. 3864 authorizes the district to develop and manage parks, recreational facilities, and natural science laboratories and to promote the preservation of fish and other wildlife in the district and sets out related provisions, including authorization of the board to charge and collect reasonable entrance, gate, or use fees to manage and operate a park or recreational facility developed wholly or partly by the district.

H.B. 3864 authorizes the district to contract with any person to accomplish any district purpose; apply for, and contract with any person to receive, administer, and perform a duty or obligation of the district under, certain financial assistance arrangements; and accept a grant or donation from any person to accomplish a district purpose.

H.B. 3864 authorizes the district to adopt and enforce rules to administer and operate the district; govern the use, availability, protection, security, and maintenance of the district's property and facilities; and provide for public safety and security. The bill authorizes the district to bring an action in court for an injunction or other appropriate remedy to enforce a rule of the district.

H.B. 3864 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.

H.B. 3864 authorizes the board to undertake projects and services that confer a special benefit on all or a definable part of the district and to impose special assessments on property in that area, based on the benefit conferred by the project or service, to pay all or part of the cost of the project or service. The bill authorizes the district to finance with special assessments any authorized project or service. The bill sets out related provisions providing for a public hearing on the advisability of a project or service and proposed assessments and providing for required notice of the hearing.

H.B. 3864 authorizes the district to establish fees, user fees, rates, and charges that are sufficient to accomplish the purposes of the bill's provisions; for the operation and maintenance of the district; to pay the principal of and interest on notes, bonds, and other obligations issued in connection with the exercise of the district's general powers and duties; and to satisfy all rate covenants relating to the issuance of notes, bonds, and other obligations. The bill requires the board by resolution to establish the number of signatures and the procedure required for a disbursement or transfer of the district's money.

H.B. 3864 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.