

By: Howard of Fort Bend

H.B. No. 2161

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the allocation of taxes and revenue after a city  
3 consents to the creation of a municipal utility district.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 54.016(f), Water Code, is amended to  
6 read as follows:

7 (f) A city may provide in its written consent for the  
8 inclusion of land in a district that a contract ("allocation  
9 agreement") between the district and the city be entered into prior  
10 to the first issue of bonds, notes, warrants, or other obligations  
11 of the district. The allocation agreement shall contain the  
12 following provisions:

13 (1) a method by which the district shall continue to  
14 exist following the annexation of all territory within the district  
15 by the city, if the district is initially located outside the  
16 corporate limits of the city;

17 (2) an allocation of the taxes or revenues of the  
18 district or the city which will assure that, if the district is  
19 located outside the corporate limits of the city on the date its  
20 creation is confirmed by the voters, following the date of the  
21 inclusion of all the district's territory within the corporate  
22 limits of the city, the total annual ad valorem taxes collected by  
23 the city and the district from taxable property within the district  
24 does not exceed an amount greater than the city's ad valorem tax

1 upon such property;

2           (3) an allocation of governmental services to be  
3 provided by the city or the district following the date of the  
4 inclusion of all of the district's territory within the corporate  
5 limits of the city;

6           (4) such other terms and conditions as may be deemed  
7 appropriate by the city.

8           SECTION 2. The changes in law made by this Act apply only to  
9 an allocation agreement entered into on or after the effective date  
10 of this Act. An allocation agreement entered into before the  
11 effective date of this Act is governed by the law in effect on the  
12 date the allocation agreement was entered into, and that law is  
13 continued in effect for that purpose.

14           SECTION 3. This Act takes effect September 1, 2011.