

SENATE AMENDMENTS

2nd Printing

By: Burns

H.B. No. 3605

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the creation of the Joshua Farms Municipal Management
3 District No. 2; granting a limited power of eminent domain;
4 providing authority to issue bonds; providing authority to impose
5 assessments or fees.

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

7 SECTION 1. Subtitle C, Title 4, Special District Local Laws
8 Code, is amended by adding Chapter 3929 to read as follows:

9 CHAPTER 3929. JOSHUA FARMS MUNICIPAL MANAGEMENT DISTRICT NO. 2

10 SUBCHAPTER A. GENERAL PROVISIONS

11 Sec. 3929.001. DEFINITIONS. In this chapter:

12 (1) "Board" means the district's board of directors.

13 (2) "City" means the City of Cleburne, Texas.

14 (3) "Commission" means the Texas Commission on
15 Environmental Quality.

16 (4) "County" means Johnson County, Texas.

17 (5) "Director" means a board member.

18 (6) "District" means the Joshua Farms Municipal
19 Management District No. 2.

20 Sec. 3929.002. CREATION AND NATURE OF DISTRICT. The Joshua
21 Farms Municipal Management District No. 2 is a special district
22 created under Sections 52 and 52-a, Article III, and Section 59,
23 Article XVI, Texas Constitution.

24 Sec. 3929.003. PURPOSE; LEGISLATIVE FINDINGS. (a) The

1 creation of the district is essential to accomplish the purposes of
2 Sections 52 and 52-a, Article III, and Section 59, Article XVI,
3 Texas Constitution, and other public purposes stated in this
4 chapter. By creating the district and in authorizing the city and
5 other political subdivisions to contract with the district, the
6 legislature has established a program to accomplish the public
7 purposes set out in Section 52-a, Article III, Texas Constitution.

8 (b) The creation of the district is necessary to promote,
9 develop, encourage, and maintain employment, commerce,
10 transportation, housing, tourism, recreation, the arts,
11 entertainment, economic development, safety, and the public
12 welfare in the district.

13 Sec. 3929.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a)
14 The district is created to serve a public use and benefit.

15 (b) All land and other property included in the district
16 will benefit from the improvements and services to be provided by
17 the district under powers conferred by Sections 52 and 52-a,
18 Article III, and Section 59, Article XVI, Texas Constitution, and
19 other powers granted under this chapter.

20 (c) The district is created to accomplish the purposes of a
21 municipal management district as provided by general law and
22 Sections 52 and 52-a, Article III, and Section 59, Article XVI,
23 Texas Constitution.

24 (d) The creation of the district is in the public interest
25 and is essential to:

26 (1) further the public purposes of developing and
27 diversifying the economy of the state;

1 (2) eliminate unemployment and underemployment; and

2 (3) develop or expand transportation and commerce.

3 (e) The district will:

4 (1) promote the health, safety, and general welfare of
5 residents, employers, potential employees, employees, visitors,
6 and consumers in the district, and of the public;

7 (2) provide needed funding for the district to
8 preserve, maintain, and enhance the economic health and vitality of
9 the district territory as a community and business center; and

10 (3) promote the health, safety, welfare, and enjoyment
11 of the public by providing pedestrian ways and by landscaping and
12 developing certain areas in the district, which are necessary for
13 the restoration, preservation, and enhancement of scenic beauty.

14 (f) Pedestrian ways along or across a street, whether at
15 grade or above or below the surface, and street lighting, street
16 landscaping, parking, and street art objects are parts of and
17 necessary components of a street and are considered to be a street
18 or road improvement.

19 Sec. 3929.005. INITIAL DISTRICT TERRITORY. (a) The
20 district is initially composed of the territory described by
21 Section 2 of the Act enacting this chapter.

22 (b) The boundaries and field notes contained in Section 2 of
23 the Act enacting this chapter form a closure. A mistake in the
24 field notes or in copying the field notes in the legislative process
25 does not affect the district's:

26 (1) organization, existence, or validity;

27 (2) right to contract;

1 (3) authority to borrow money or issue bonds or other
2 obligations described by Section 3929.253 or to pay the principal
3 and interest of the bonds or other obligations;

4 (4) right to impose or collect an assessment or
5 collect other revenue; or

6 (5) legality or operation.

7 Sec. 3929.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.

8 (a) All or any part of the area of the district is eligible to be
9 included in:

10 (1) a tax increment reinvestment zone created under
11 Chapter 311, Tax Code;

12 (2) a tax abatement reinvestment zone created under
13 Chapter 312, Tax Code; or

14 (3) an enterprise zone created under Chapter 2303,
15 Government Code.

16 (b) If the city creates a tax increment reinvestment zone
17 described by Subsection (a), the city and the board of directors of
18 the zone, by contract with the district, may grant money deposited
19 in the tax increment fund to the district to be used by the district
20 for:

21 (1) the purposes permitted for money granted to a
22 corporation under Section 380.002(b), Local Government Code; and

23 (2) any other district purpose, including the right to
24 pledge the money as security for any bonds or other obligations
25 issued by the district under Section 3929.253.

26 (c) If the city creates a tax increment reinvestment zone
27 described by Subsection (a), the city may determine the percentage

1 of the property in the zone that may be used for residential
2 purposes and is not subject to the limitations provided by Section
3 311.006, Tax Code.

4 Sec. 3929.007. CONFIRMATION AND DIRECTORS' ELECTION
5 REQUIRED. The initial directors shall hold an election to confirm
6 the creation of the district and to elect five permanent directors
7 as provided by Section 49.102, Water Code.

8 Sec. 3929.008. DEVELOPMENT AND OPERATING AGREEMENT
9 EXECUTION REQUIRED. (a) The initial directors may not hold an
10 election under Section 3929.007 until the city has entered into a
11 development and operating agreement under Section 3929.156.

12 (b) The district is dissolved and this chapter expires March
13 1, 2018, if the development and operating agreement is not entered
14 into before that date.

15 Sec. 3929.009. APPLICABILITY OF MUNICIPAL MANAGEMENT
16 DISTRICT LAW. (a) Except as provided by this chapter, Chapter 375,
17 Local Government Code, including Subchapters E and F, applies to
18 the district.

19 (b) The following provisions of Chapter 375, Local
20 Government Code, do not apply to the district:

21 (1) Sections 375.164 and 375.262; and

22 (2) Subchapters B and O.

23 Sec. 3929.010. CONSTRUCTION OF CHAPTER. This chapter shall
24 be construed in conformity with the findings and purposes stated in
25 this chapter.

26 Sec. 3929.011. CONCURRENCE ON ADDITIONAL POWERS. If the
27 legislature grants the district a power that is in addition to the

1 powers approved by the initial resolution of the governing body of
2 the city consenting to the creation of the district, the district
3 may not exercise that power unless the governing body of the city
4 consents to that change by ordinance or resolution.

5 Sec. 3929.012. CITY CONSENT TO CREATION OF DISTRICT. The
6 city's consent to the creation of the district is not subject to the
7 limitations on the conditions or other restrictions the city may
8 place on its consent under Section 42.042, Local Government Code.

9 SUBCHAPTER B. BOARD OF DIRECTORS

10 Sec. 3929.051. GOVERNING BODY; TERMS. (a) The district is
11 governed by a board of five elected directors.

12 (b) Except as provided by Section 3929.054, directors serve
13 staggered four-year terms, with two or three directors' terms
14 expiring June 1 of each odd-numbered year.

15 Sec. 3929.052. BOARD MEETINGS. The board shall hold
16 meetings at a place accessible to the public.

17 Sec. 3929.053. REMOVAL OF DIRECTORS. (a) The board may
18 remove a director by unanimous vote of the other directors if the
19 director has missed at least half of the meetings scheduled during
20 the preceding 12 months.

21 (b) A director removed under this section may file a written
22 appeal with the commission not later than the 30th day after the
23 date the director receives written notice of the board action. The
24 commission may reinstate the director if the commission finds that
25 the removal was unwarranted under the circumstances after
26 considering the reasons for the absences, the time and place of the
27 meetings, the business conducted at the meetings missed, and any

1 other relevant circumstances.

2 Sec. 3929.054. INITIAL DIRECTORS. (a) The initial board
3 consists of:

4	<u>Pos. No.</u>	<u>Name of Director</u>
5	<u>1</u>	<u>David Rex</u>
6	<u>2</u>	<u>Barb Levis</u>
7	<u>3</u>	<u>John Tatum</u>
8	<u>4</u>	<u>Charles Collie</u>
9	<u>5</u>	<u>Stephanie Fine</u>

10 (b) Initial directors serve until the earlier of:

11 (1) the date permanent directors are elected under
12 Section 3929.007; or

13 (2) the fourth anniversary of the effective date of
14 the Act enacting this chapter.

15 (c) If permanent directors have not been elected under
16 Section 3929.007 and the terms of the initial directors have
17 expired, successor initial directors shall be appointed or
18 reappointed as provided by Subsection (d) to serve terms that
19 expire on the earlier of:

20 (1) the date permanent directors are elected under
21 Section 3929.007; or

22 (2) the fourth anniversary of the date of the
23 appointment or reappointment.

24 (d) If Subsection (c) applies, the owner or owners of a
25 majority of the assessed value of the real property in the district
26 according to the most recent certified tax appraisal rolls for the
27 county may submit a petition to the commission requesting that the

1 commission appoint as successor initial directors the five persons
2 named in the petition. The commission shall appoint as successor
3 initial directors the five persons named in the petition.

4 SUBCHAPTER C. POWERS AND DUTIES

5 Sec. 3929.101. GENERAL POWERS AND DUTIES. The district has
6 the powers and duties necessary to accomplish the purposes for
7 which the district is created.

8 Sec. 3929.102. IMPROVEMENT PROJECTS. The district may
9 provide, or it may enter into contracts with a governmental or
10 private entity to provide, the improvement projects described by
11 Subchapter C-1 or activities in support of or incidental to those
12 projects.

13 Sec. 3929.103. WATER DISTRICT POWERS. The district has the
14 powers provided by the general laws relating to conservation and
15 reclamation districts created under Section 59, Article XVI, Texas
16 Constitution, including Chapters 49 and 54, Water Code.

17 Sec. 3929.104. AUTHORITY FOR ROAD PROJECTS. Under Section
18 52, Article III, Texas Constitution, the district may design,
19 acquire, construct, finance, issue bonds for, improve, operate,
20 maintain, and convey to this state, a county, or a municipality for
21 operation and maintenance macadamized, graveled, or paved roads or
22 improvements, including storm drainage, in aid of those roads.

23 Sec. 3929.105. PUBLIC IMPROVEMENT DISTRICT POWERS. The
24 district has the powers provided by Chapter 372, Local Government
25 Code, to a municipality or county.

26 Sec. 3929.106. CONTRACT POWERS. The district may contract
27 with a governmental or private entity, on terms determined by the

1 board, to carry out a power or duty authorized by this chapter or to
2 accomplish a purpose for which the district is created.

3 Sec. 3929.107. AD VALOREM TAXATION. The district may not
4 impose an ad valorem tax.

5 Sec. 3929.108. LIMITATIONS ON EMERGENCY SERVICES POWERS.
6 The district may not establish, operate, maintain, or finance a
7 police or fire department without the consent of the city by
8 ordinance or resolution.

9 Sec. 3929.109. ADDING OR REMOVING TERRITORY. As provided
10 by Subchapter J, Chapter 49, Water Code, the board may add territory
11 inside the extraterritorial jurisdiction of the city to the
12 district or remove territory inside the extraterritorial
13 jurisdiction of the city from the district, except that:

14 (1) the addition or removal of the territory must be
15 approved by the city;

16 (2) the addition or removal may not occur without
17 petition by the owners of the territory being added or removed; and

18 (3) territory may not be removed from the district if
19 bonds or other obligations of the district payable wholly or partly
20 from assessments assessed on the territory are outstanding.

21 Sec. 3929.110. NO TOLL ROADS. The district may not
22 construct, acquire, maintain, or operate a toll road.

23 Sec. 3929.111. EMINENT DOMAIN. (a) Section 375.094, Local
24 Government Code, does not apply to the district.

25 (b) Subject to the consent of the city by ordinance or
26 resolution, the district may exercise the right of eminent domain
27 in the manner provided by Section 49.222, Water Code. The city may

1 not unreasonably withhold consent under this section.

2 Sec. 3929.112. ENFORCEMENT OF REAL PROPERTY RESTRICTIONS.

3 The district may enforce a real property restriction in the manner
4 provided by Section 54.237, Water Code, if, in the reasonable
5 judgment of the board, the enforcement of the restriction is
6 necessary.

7 Sec. 3929.113. POWERS SUBJECT TO DEVELOPMENT AND OPERATING

8 AGREEMENT. In addition to the other limitations provided by this
9 chapter, the district's authority to exercise its powers is subject
10 to the terms of the development and operating agreement required
11 under Section 3929.156.

12 SUBCHAPTER C-1. IMPROVEMENT PROJECTS AND SERVICES

13 Sec. 3929.151. IMPROVEMENT PROJECTS AND SERVICES. The
14 district may provide, design, construct, acquire, improve,
15 relocate, operate, maintain, or finance an improvement project or
16 service, including water, wastewater, drainage, and roadway
17 projects or services, using any money available to the district, or
18 contract with a governmental or private entity and reimburse that
19 entity for the provision, design, construction, acquisition,
20 improvement, relocation, operation, maintenance, or financing of
21 an improvement project, service, or cost, for the provision of
22 credit enhancement, or for any cost of operating or maintaining the
23 district or the issuance of district obligations authorized under
24 this chapter, Chapter 372 or 375, Local Government Code, or Chapter
25 49 or 54, Water Code.

26 Sec. 3929.152. BOARD DETERMINATION REQUIRED. The district
27 may not undertake an improvement project unless the board

1 determines the project is necessary to accomplish a public purpose
2 of the district.

3 Sec. 3929.153. LOCATION OF IMPROVEMENT PROJECT. An
4 improvement project may be located or provide service inside or
5 outside the district.

6 Sec. 3929.154. CITY REQUIREMENTS. An improvement project
7 in the district must comply with any applicable requirements of the
8 city, including codes and ordinances, unless specifically waived or
9 superseded by the development and operating agreement entered into
10 under Section 3929.156 or another agreement with the city.

11 Sec. 3929.155. IMPROVEMENT PROJECT AND SERVICE IN DEFINABLE
12 AREA; BENEFIT BASIS. The district may undertake an improvement
13 project or service that confers a special benefit on a definable
14 area in the district and levy and collect a special assessment on
15 benefited property in the district in accordance with:

16 (1) Chapter 372, Local Government Code; or

17 (2) Chapter 375, Local Government Code.

18 Sec. 3929.156. DEVELOPMENT AND OPERATING AGREEMENT
19 REQUIRED. (a) After the district's board is organized, but before
20 the district may undertake any improvement project, issue bonds,
21 levy assessments or fees, or borrow money, the district, the city,
22 and the owner of a majority of the assessed value of real property
23 in the district according to the most recent certified tax rolls of
24 the central appraisal district of the county must negotiate and
25 execute a mutually approved and accepted development and operating
26 agreement, including any limitations imposed by the city.

27 (b) An agreement authorized by this section is not effective

1 until its terms and execution are approved by the board, the
2 governing body of the city by ordinance or resolution, and the owner
3 described by Subsection (a).

4 SUBCHAPTER D. DIVISION OF DISTRICT INTO MULTIPLE DISTRICTS

5 Sec. 3929.201. DIVISION OF DISTRICT; PREREQUISITES. (a)
6 Subject to Subsection (b), the district, including territory added
7 to the district under Section 3929.109, may be divided into two or
8 more new districts only if the district has no outstanding bonded
9 debt. Territory previously added to the district under Section
10 3929.109 may be included in a new district.

11 (b) If the board adds territory inside the extraterritorial
12 jurisdiction of the city or any other municipality to the district
13 under Section 3929.109, the district may be divided under
14 Subsection (a) only with the consent by ordinance or resolution of
15 the city and any other municipality whose extraterritorial
16 jurisdiction is included in the district.

17 Sec. 3929.202. LAW APPLICABLE TO NEW DISTRICT. This
18 chapter applies to any new district created by division of the
19 district, and a new district has all the powers and duties of the
20 district.

21 Sec. 3929.203. DIVISION PROCEDURES. (a) The board, on its
22 own motion or on receipt of a petition signed by an owner of real
23 property in the district, may adopt an order proposing to divide the
24 district.

25 (b) If the board decides to divide the district, the board
26 shall:

27 (1) set the terms of the division, including names for

1 the new districts and a plan for the payment or performance of any
2 outstanding district obligations;

3 (2) prepare a metes and bounds description for each
4 proposed district; and

5 (3) appoint initial directors for each new district.

6 Sec. 3929.204. NOTICE AND RECORDING OF ORDER. Not later
7 than the 30th day after the date of an order dividing the district,
8 the district shall:

9 (1) file the order with the commission; and

10 (2) record the order in the real property records of
11 the county.

12 Sec. 3929.205. CONTRACT AUTHORITY OF NEW DISTRICTS. (a)
13 Except as provided by Subsection (b), the new districts may
14 contract with each other for any matter the boards of the new
15 districts consider appropriate, including the joint construction
16 or financing of a utility or roadway improvement and the joint
17 financing of a maintenance obligation.

18 (b) The new districts may not contract with each other for
19 water and wastewater services. This subsection does not affect the
20 right to contract described by Subsection (a).

21 SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

22 Sec. 3929.251. DISBURSEMENTS AND TRANSFERS OF MONEY. The
23 board by resolution shall establish the number of directors'
24 signatures and the procedure required for a disbursement or
25 transfer of the district's money.

26 Sec. 3929.252. MONEY USED FOR IMPROVEMENTS OR SERVICES.
27 The district may undertake and provide an improvement project or

1 service authorized by this chapter using any money available to the
2 district.

3 Sec. 3929.253. BORROWING MONEY; OBLIGATIONS. (a) Subject
4 to the terms of the development and operating agreement required
5 under Section 3929.156, the district may borrow money for a
6 district purpose, including the acquisition or construction of
7 improvement projects authorized by this chapter and the
8 reimbursement of a person who develops or owns an improvement
9 project authorized by this chapter, by issuing bonds, notes, time
10 warrants, or other obligations, or by entering into a contract or
11 other agreement payable wholly or partly from an assessment, a
12 contract payment, a grant, revenue from a zone created under
13 Chapter 311 or 312, Tax Code, other district revenue, or a
14 combination of these sources.

15 (b) An obligation described by Subsection (a):

16 (1) may bear interest at a rate determined by the
17 board; and

18 (2) may include a term or condition as determined by
19 the board.

20 (c) The board may issue an obligation under this section
21 without an election.

22 Sec. 3929.254. CERTAIN OBLIGATIONS NOT SUBJECT TO APPROVAL
23 OF COMMISSION. Section 375.208, Local Government Code, and Section
24 49.181, Water Code, do not apply to the district.

25 Sec. 3929.255. ASSESSMENTS. (a) Except as provided by
26 Subsection (b), the district may impose an assessment on property
27 in the district to pay for an obligation described by Section

1 3929.253 or an improvement project authorized by Section 3929.151
2 in the manner provided for:

3 (1) a district under Subchapters A, E, and F, Chapter
4 375, Local Government Code; or

5 (2) a municipality or county under Subchapter A,
6 Chapter 372, Local Government Code.

7 (b) The district may not impose an assessment on a
8 municipality, county, or other political subdivision.

9 Sec. 3929.256. RESIDENTIAL PROPERTY NOT EXEMPT. Section
10 375.161, Local Government Code, does not apply to the district.

11 Sec. 3929.257. NO IMPACT FEES. The district may not impose
12 an impact fee.

13 Sec. 3929.258. COLLECTION OF ASSESSMENTS. The district may
14 contract as provided by Chapter 791, Government Code, with the
15 commissioners court of the county for the assessment and collection
16 of assessments imposed under this subchapter.

17 SUBCHAPTER F. DISSOLUTION

18 Sec. 3929.301. DISSOLUTION BY BOARD. The board may
19 dissolve the district in the manner provided by Section 375.261,
20 Local Government Code, subject to Section 375.264, Local Government
21 Code.

22 Sec. 3929.302. DISSOLUTION BY CITY. (a) The city may
23 dissolve the district by ordinance.

24 (b) The city may not dissolve the district until:

25 (1) the district's outstanding debt or contractual
26 obligations have been repaid or discharged; or

27 (2) the city agrees to succeed to the rights and

1 obligations of the district, including an obligation described by
2 Section 3929.304.

3 Sec. 3929.303. COLLECTION OF ASSESSMENTS AND OTHER REVENUE.

4 (a) If the dissolved district has bonds or other obligations
5 outstanding secured by and payable from assessments or other
6 revenue, the city succeeds to the rights and obligations of the
7 district regarding enforcement and collection of the assessments or
8 other revenue.

9 (b) The city shall have and exercise all district powers to
10 enforce and collect the assessments or other revenue to pay:

11 (1) the bonds or other obligations when due and
12 payable according to their terms; or

13 (2) revenue or assessment bonds or other obligations
14 issued by the city to refund the outstanding bonds or obligations of
15 the district.

16 Sec. 3929.304. ASSUMPTION OF ASSETS AND LIABILITIES. (a)
17 After the city dissolves the district, the city assumes the
18 obligations of the district, including any contractual obligations
19 or bonds or other debt payable from assessments or other district
20 revenue.

21 (b) If the city dissolves the district, the board shall
22 transfer ownership of all district property to the city.

23 SECTION 2. The Joshua Farms Municipal Management District
24 No. 2 initially includes all the territory contained in the
25 following area:

26 BEING a tract of land situated in the B.B.B. & C.R.R. Co. Survey,
27 Abstract Number 103, the A.J. Tucker Survey, Abstract Number 833,

1 and the William P. King Survey, Abstract Number 489, Johnson
2 County, Texas and being a portion of that tract of land described by
3 deed Joshua Land Farm LLC., recorded in Instrument Number 22522,
4 County Records, Johnson County, Texas:

5 BEGINNING at the northwest corner of said Joshua Land Farm tract, in
6 the south right-of-way line of FM 917 (a 80 foot right-of-way);
7 THENCE N 89°58'32"E, 1768.76 feet with said south right-of-way;
8 THENCE S 01°19'08"E, 1991.93 feet;
9 THENCE N 89°05'57"E, 3989.06 feet;
10 THENCE N 89°16'48"E, 830.50 feet to the east line of said Joshua Land
11 Farm tract;
12 THENCE S 00°04'27"W, 1665.41 feet with said east line;
13 THENCE S 89°28'44"W, 3093.70 feet with said east line;
14 THENCE S 00°03'03"W, 1465.70 feet with said east line;
15 THENCE S 68°17'01"W, 1321.19 feet departing said east line;
16 THENCE N 56°14'59"W, 442.41 feet;
17 THENCE N 33°45'00"W, 3383.50 feet to the west line of said Joshua
18 Land Farm tract;
19 THENCE N 01°24'23"W, 2507.29 feet with said west line to the Point of
20 Beginning and containing 17,649,096 square feet or 405 acres of
21 land more or less.

22 SECTION 3. (a) The legal notice of the intention to
23 introduce this Act, setting forth the general substance of this
24 Act, has been published as provided by law, and the notice and a
25 copy of this Act have been furnished to all persons, agencies,
26 officials, or entities to which they are required to be furnished
27 under Section 59, Article XVI, Texas Constitution, and Chapter 313,

1 Government Code.

2 (b) The governor, one of the required recipients, has
3 submitted the notice and Act to the Texas Commission on
4 Environmental Quality.

5 (c) The Texas Commission on Environmental Quality has filed
6 its recommendations relating to this Act with the governor,
7 lieutenant governor, and speaker of the house of representatives
8 within the required time.

9 (d) All requirements of the constitution and laws of this
10 state and the rules and procedures of the legislature with respect
11 to the notice, introduction, and passage of this Act have been
12 fulfilled and accomplished.

13 SECTION 4. (a) Section 3929.111, Special District Local
14 Laws Code, as added by Section 1 of this Act, takes effect only if
15 this Act receives a two-thirds vote of all the members elected to
16 each house.

17 (b) If this Act does not receive a two-thirds vote of all the
18 members elected to each house, Subchapter C, Chapter 3929, Special
19 District Local Laws Code, as added by Section 1 of this Act, is
20 amended by adding Section 3929.111 to read as follows:

21 Sec. 3929.111. NO EMINENT DOMAIN POWER. The district may
22 not exercise the power of eminent domain.

23 (c) This section is not intended to be an expression of a
24 legislative interpretation of the requirements of Section 17(c),
25 Article I, Texas Constitution.

26 SECTION 5. This Act takes effect September 1, 2015.

ADOPTED

MAY 27 2015

Leroy Spaw
Secretary of the Senate

By: Burns / Birdwell

H..B. No. 3605

Substitute the following for H..B. No. 3605:

By: *Paul Bellanca*

C.S. H..B. No. 3605

A BILL TO BE ENTITLED

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AN ACT

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- (4) "County" means Johnson County, Texas.
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1 (2) eliminate unemployment and underemployment; and

2 (3) develop or expand transportation and commerce.

3 (e) The district will:

4 (1) promote the health, safety, and general welfare of
5 residents, employers, potential employees, employees, visitors,
6 and consumers in the district, and of the public;

7 (2) provide needed funding for the district to
8 preserve, maintain, and enhance the economic health and vitality of
9 the district territory as a community and business center; and

10 (3) promote the health, safety, welfare, and enjoyment
11 of the public by providing pedestrian ways and by landscaping and
12 developing certain areas in the district, which are necessary for
13 the restoration, preservation, and enhancement of scenic beauty.

14 (f) Pedestrian ways along or across a street, whether at
15 grade or above or below the surface, and street lighting, street
16 landscaping, parking, and street art objects are parts of and
17 necessary components of a street and are considered to be a street
18 or road improvement.

19 Sec. 3929.005. INITIAL DISTRICT TERRITORY. (a) The
20 district is initially composed of the territory described by
21 Section 2 of the Act enacting this chapter.

22 (b) The boundaries and field notes contained in Section 2 of
23 the Act enacting this chapter form a closure. A mistake in the
24 field notes or in copying the field notes in the legislative process
25 does not affect the district's:

26 (1) organization, existence, or validity;

27 (2) right to contract;

1 (3) authority to borrow money or issue bonds or other
2 obligations described by Section 3929.253 or to pay the principal
3 and interest of the bonds or other obligations;

4 (4) right to impose or collect an assessment or
5 collect other revenue; or

6 (5) legality or operation.

7 Sec. 3929.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.

8 (a) All or any part of the area of the district is eligible to be
9 included in:

10 (1) a tax increment reinvestment zone created under
11 Chapter 311, Tax Code;

12 (2) a tax abatement reinvestment zone created under
13 Chapter 312, Tax Code; or

14 (3) an enterprise zone created under Chapter 2303,
15 Government Code.

16 (b) If the city creates a tax increment reinvestment zone
17 described by Subsection (a), the city and the board of directors of
18 the zone, by contract with the district, may grant money deposited
19 in the tax increment fund to the district to be used by the district
20 for:

21 (1) the purposes permitted for money granted to a
22 corporation under Section 380.002(b), Local Government Code; and

23 (2) any other district purpose, including the right to
24 pledge the money as security for any bonds or other obligations
25 issued by the district under Section 3929.253.

26 (c) If the city creates a tax increment reinvestment zone
27 described by Subsection (a), the city may determine the percentage

1 of the property in the zone that may be used for residential
2 purposes and is not subject to the limitations provided by Section
3 311.006, Tax Code.

4 Sec. 3929.007. CONFIRMATION AND DIRECTORS' ELECTION
5 REQUIRED. On receipt of a petition signed by the owners of a
6 majority of the acreage and the assessed value of real property in
7 the district according to the most recent certified tax appraisal
8 roll for the county, the initial directors shall hold an election to
9 confirm the creation of the district and to elect five permanent
10 directors as provided by Section 49.102, Water Code.

11 Sec. 3929.008. DEVELOPMENT AND OPERATING AGREEMENT
12 EXECUTION REQUIRED. (a) The initial directors may not hold an
13 election under Section 3929.007 until the city has entered into a
14 development and operating agreement under Section 3929.156.

15 (b) The district is dissolved and this chapter expires March
16 1, 2018, if the development and operating agreement is not entered
17 into before that date.

18 Sec. 3929.009. APPLICABILITY OF MUNICIPAL MANAGEMENT
19 DISTRICT LAW. (a) Except as provided by this chapter, Chapter 375,
20 Local Government Code, including Subchapters E and F, applies to
21 the district.

22 (b) The following provisions of Chapter 375, Local
23 Government Code, do not apply to the district:

24 (1) Sections 375.164 and 375.262; and

25 (2) Subchapters B and O.

26 Sec. 3929.010. CONSTRUCTION OF CHAPTER. This chapter shall
27 be construed in conformity with the findings and purposes stated in

1 this chapter.

2 Sec. 3929.011. CONCURRENCE ON ADDITIONAL POWERS. If the
3 legislature grants the district a power that is in addition to the
4 powers approved by the initial resolution of the governing body of
5 the city consenting to the creation of the district, the district
6 may not exercise that power unless the governing body of the city
7 consents to that change by ordinance or resolution.

8 Sec. 3929.012. CITY CONSENT TO CREATION OF DISTRICT. The
9 city's consent to the creation of the district is not subject to the
10 limitations on the conditions or other restrictions the city may
11 place on its consent under Section 42.042, Local Government Code.

12 SUBCHAPTER B. BOARD OF DIRECTORS

13 Sec. 3929.051. GOVERNING BODY; TERMS. (a) The district is
14 governed by a board of five elected directors.

15 (b) Except as provided by Section 3929.054, directors serve
16 staggered four-year terms, with two or three directors' terms
17 expiring June 1 of each odd-numbered year.

18 Sec. 3929.052. BOARD MEETINGS. The board shall hold
19 meetings at a place accessible to the public.

20 Sec. 3929.053. REMOVAL OF DIRECTORS. (a) The board may
21 remove a director by unanimous vote of the other directors if the
22 director has missed at least half of the meetings scheduled during
23 the preceding 12 months.

24 (b) A director removed under this section may file a written
25 appeal with the commission not later than the 30th day after the
26 date the director receives written notice of the board action. The
27 commission may reinstate the director if the commission finds that

1 the removal was unwarranted under the circumstances after
2 considering the reasons for the absences, the time and place of the
3 meetings, the business conducted at the meetings missed, and any
4 other relevant circumstances.

5 Sec. 3929.054. INITIAL DIRECTORS. (a) The initial board
6 consists of:

	<u>Pos. No.</u>	<u>Name of Director</u>
7		
8	<u>1</u>	<u>David Rex</u>
9	<u>2</u>	<u>Barb Levis</u>
10	<u>3</u>	<u>John Tatum</u>
11	<u>4</u>	<u>Charles Collie</u>
12	<u>5</u>	<u>Stephanie Fine</u>

13 (b) Initial directors serve until the earlier of:

14 (1) the date permanent directors are elected under
15 Section 3929.007; or

16 (2) the fourth anniversary of the effective date of
17 the Act enacting this chapter.

18 (c) If permanent directors have not been elected under
19 Section 3929.007 and the terms of the initial directors have
20 expired, successor initial directors shall be appointed or
21 reappointed as provided by Subsection (d) to serve terms that
22 expire on the earlier of:

23 (1) the date permanent directors are elected under
24 Section 3929.007; or

25 (2) the fourth anniversary of the date of the
26 appointment or reappointment.

27 (d) If Subsection (c) applies, the owner or owners of a

1 majority of the assessed value of the real property in the district
2 according to the most recent certified tax appraisal rolls for the
3 county may submit a petition to the commission requesting that the
4 commission appoint as successor initial directors the five persons
5 named in the petition. The commission shall appoint as successor
6 initial directors the five persons named in the petition.

7 SUBCHAPTER C. POWERS AND DUTIES

8 Sec. 3929.101. GENERAL POWERS AND DUTIES. The district has
9 the powers and duties necessary to accomplish the purposes for
10 which the district is created.

11 Sec. 3929.102. IMPROVEMENT PROJECTS. The district may
12 provide, or it may enter into contracts with a governmental or
13 private entity to provide, the improvement projects described by
14 Subchapter C-1 or activities in support of or incidental to those
15 projects.

16 Sec. 3929.103. WATER DISTRICT POWERS. The district has the
17 powers provided by the general laws relating to conservation and
18 reclamation districts created under Section 59, Article XVI, Texas
19 Constitution, including Chapters 49 and 54, Water Code.

20 Sec. 3929.104. AUTHORITY FOR ROAD PROJECTS. Under Section
21 52, Article III, Texas Constitution, the district may design,
22 acquire, construct, finance, issue bonds for, improve, operate,
23 maintain, and convey to this state, a county, or a municipality for
24 operation and maintenance macadamized, graveled, or paved roads or
25 improvements, including storm drainage, in aid of those roads.

26 Sec. 3929.105. ROAD STANDARDS AND REQUIREMENTS. (a) A road
27 project must meet all applicable construction standards, zoning and

1 subdivision requirements, and regulations of each municipality in
2 whose corporate limits or extraterritorial jurisdiction the road
3 project is located.

4 (b) If a road project is not located in the corporate limits
5 or extraterritorial jurisdiction of a municipality, the road
6 project must meet all applicable construction standards,
7 subdivision requirements, and regulations of each county in which
8 the road project is located.

9 (c) If the state will maintain and operate the road, the
10 Texas Transportation Commission must approve the plans and
11 specifications of the road project.

12 Sec. 3929.106. PUBLIC IMPROVEMENT DISTRICT POWERS. The
13 district has the powers provided by Chapter 372, Local Government
14 Code, to a municipality or county.

15 Sec. 3929.107. CONTRACT POWERS. The district may contract
16 with a governmental or private entity, on terms determined by the
17 board, to carry out a power or duty authorized by this chapter or to
18 accomplish a purpose for which the district is created.

19 Sec. 3929.108. AD VALOREM TAXATION. The district may not
20 impose an ad valorem tax.

21 Sec. 3929.109. LIMITATIONS ON EMERGENCY SERVICES POWERS.
22 The district may not establish, operate, maintain, or finance a
23 police or fire department without the consent of the city by
24 ordinance or resolution.

25 Sec. 3929.110. ADDING OR REMOVING TERRITORY. As provided
26 by Subchapter J, Chapter 49, Water Code, the board may add territory
27 inside the extraterritorial jurisdiction of the city to the

1 district or remove territory inside the extraterritorial
2 jurisdiction of the city from the district, except that:

3 (1) the addition or removal of the territory must be
4 approved by the city;

5 (2) the addition or removal may not occur without
6 petition by the owners of the territory being added or removed; and

7 (3) territory may not be removed from the district if
8 bonds or other obligations of the district payable wholly or partly
9 from assessments assessed on the territory are outstanding.

10 Sec. 3929.111. NO TOLL ROADS. The district may not
11 construct, acquire, maintain, or operate a toll road.

12 Sec. 3929.112. EMINENT DOMAIN. (a) Section 375.094, Local
13 Government Code, does not apply to the district.

14 (b) Except as provided by Subsection (c), and subject to the
15 consent of the city by ordinance or resolution, the district may
16 exercise the right of eminent domain in the manner provided by
17 Section 49.222, Water Code. The city may not unreasonably withhold
18 consent under this section.

19 (c) The district may not exercise the power of eminent
20 domain outside the district to acquire a site or easement for:

21 (1) a road project authorized by Section 3929.104; or

22 (2) a recreational facility as defined by Section
23 49.462, Water Code.

24 Sec. 3929.113. ENFORCEMENT OF REAL PROPERTY RESTRICTIONS.
25 The district may enforce a real property restriction in the manner
26 provided by Section 54.237, Water Code, if, in the reasonable
27 judgment of the board, the enforcement of the restriction is

1 necessary.

2 Sec. 3929.114. POWERS SUBJECT TO DEVELOPMENT AND OPERATING
3 AGREEMENT. In addition to the other limitations provided by this
4 chapter, the district's authority to exercise its powers is subject
5 to the terms of the development and operating agreement required
6 under Section 3929.156.

7 SUBCHAPTER C-1. IMPROVEMENT PROJECTS AND SERVICES

8 Sec. 3929.151. IMPROVEMENT PROJECTS AND SERVICES. The
9 district may provide, design, construct, acquire, improve,
10 relocate, operate, maintain, or finance an improvement project or
11 service, including water, wastewater, drainage, and roadway
12 projects or services, using any money available to the district, or
13 contract with a governmental or private entity and reimburse that
14 entity for the provision, design, construction, acquisition,
15 improvement, relocation, operation, maintenance, or financing of
16 an improvement project, service, or cost, for the provision of
17 credit enhancement, or for any cost of operating or maintaining the
18 district or the issuance of district obligations authorized under
19 this chapter, Chapter 372 or 375, Local Government Code, or Chapter
20 49 or 54, Water Code.

21 Sec. 3929.152. BOARD DETERMINATION REQUIRED. The district
22 may not undertake an improvement project unless the board
23 determines the project is necessary to accomplish a public purpose
24 of the district.

25 Sec. 3929.153. LOCATION OF IMPROVEMENT PROJECT. An
26 improvement project may be located or provide service inside or
27 outside the district.

1 Sec. 3929.154. CITY REQUIREMENTS. An improvement project
2 in the district must comply with any applicable requirements of the
3 city, including codes and ordinances, unless specifically waived or
4 superseded by the development and operating agreement entered into
5 under Section 3929.156 or another agreement with the city.

6 Sec. 3929.155. IMPROVEMENT PROJECT AND SERVICE IN DEFINABLE
7 AREA; BENEFIT BASIS. The district may undertake an improvement
8 project or service that confers a special benefit on a definable
9 area in the district and levy and collect a special assessment on
10 benefited property in the district in accordance with:

11 (1) Chapter 372, Local Government Code; or

12 (2) Chapter 375, Local Government Code.

13 Sec. 3929.156. DEVELOPMENT AND OPERATING AGREEMENT
14 REQUIRED. (a) After the district's board is organized, but before
15 the district may undertake any improvement project, issue bonds,
16 levy assessments or fees, or borrow money, the district, the city,
17 and the owner of a majority of the assessed value of real property
18 in the district according to the most recent certified tax rolls of
19 the central appraisal district of the county must negotiate and
20 execute a mutually approved and accepted development and operating
21 agreement, including any limitations imposed by the city.

22 (b) An agreement authorized by this section is not effective
23 until its terms and execution are approved by the board, the
24 governing body of the city by ordinance or resolution, and the owner
25 described by Subsection (a).

26 SUBCHAPTER D. DIVISION OF DISTRICT INTO MULTIPLE DISTRICTS

27 Sec. 3929.201. DIVISION OF DISTRICT; PREREQUISITES. (a)

1 Subject to Subsection (b), the district, including territory added
2 to the district under Section 3929.110, may be divided into two or
3 more new districts only if the district has no outstanding bonded
4 debt. Territory previously added to the district under Section
5 3929.110 may be included in a new district.

6 (b) If the board adds territory inside the extraterritorial
7 jurisdiction of the city or any other municipality to the district
8 under Section 3929.110, the district may be divided under
9 Subsection (a) only with the consent by ordinance or resolution of
10 the city and any other municipality whose extraterritorial
11 jurisdiction is included in the district.

12 Sec. 3929.202. LAW APPLICABLE TO NEW DISTRICT. This
13 chapter applies to any new district created by division of the
14 district, and a new district has all the powers and duties of the
15 district.

16 Sec. 3929.203. DIVISION PROCEDURES. (a) The board, on its
17 own motion or on receipt of a petition signed by an owner of real
18 property in the district, may adopt an order proposing to divide the
19 district.

20 (b) If the board decides to divide the district, the board
21 shall:

22 (1) set the terms of the division, including names for
23 the new districts and a plan for the payment or performance of any
24 outstanding district obligations;

25 (2) prepare a metes and bounds description for each
26 proposed district; and

27 (3) appoint initial directors for each new district.

1 Sec. 3929.204. NOTICE AND RECORDING OF ORDER. Not later
2 than the 30th day after the date of an order dividing the district,
3 the district shall:

- 4 (1) file the order with the commission; and
5 (2) record the order in the real property records of
6 the county.

7 Sec. 3929.205. CONTRACT AUTHORITY OF NEW DISTRICTS. (a)
8 Except as provided by Subsection (b), the new districts may
9 contract with each other for any matter the boards of the new
10 districts consider appropriate, including the joint construction
11 or financing of a utility or roadway improvement and the joint
12 financing of a maintenance obligation.

13 (b) The new districts may not contract with each other for
14 water and wastewater services. This subsection does not affect the
15 right to contract described by Subsection (a).

16 SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

17 Sec. 3929.251. DISBURSEMENTS AND TRANSFERS OF MONEY. The
18 board by resolution shall establish the number of directors'
19 signatures and the procedure required for a disbursement or
20 transfer of the district's money.

21 Sec. 3929.252. MONEY USED FOR IMPROVEMENTS OR SERVICES.
22 The district may undertake and provide an improvement project or
23 service authorized by this chapter using any money available to the
24 district.

25 Sec. 3929.253. BORROWING MONEY; OBLIGATIONS. (a) Subject
26 to the terms of the development and operating agreement required
27 under Section 3929.156, the district may borrow money for a

1 district purpose, including the acquisition or construction of
2 improvement projects authorized by this chapter and the
3 reimbursement of a person who develops or owns an improvement
4 project authorized by this chapter, by issuing bonds, notes, time
5 warrants, or other obligations, or by entering into a contract or
6 other agreement payable wholly or partly from an assessment, a
7 contract payment, a grant, revenue from a zone created under
8 Chapter 311 or 312, Tax Code, other district revenue, or a
9 combination of these sources.

10 (b) An obligation described by Subsection (a):

11 (1) may bear interest at a rate determined by the
12 board; and

13 (2) may include a term or condition as determined by
14 the board.

15 (c) The board may issue an obligation under this section
16 without an election.

17 Sec. 3929.254. ASSESSMENTS. (a) Except as provided by
18 Subsection (b), the district may impose an assessment on property
19 in the district to pay for an obligation described by Section
20 3929.253 or an improvement project authorized by Section 3929.151
21 in the manner provided for:

22 (1) a district under Subchapters A, E, and F, Chapter
23 375, Local Government Code; or

24 (2) a municipality or county under Subchapter A,
25 Chapter 372, Local Government Code.

26 (b) The district may not impose an assessment on a
27 municipality, county, or other political subdivision.

1 Sec. 3929.255. RESIDENTIAL PROPERTY NOT EXEMPT. Section
2 375.161, Local Government Code, does not apply to the district.

3 Sec. 3929.256. NO IMPACT FEES. The district may not impose
4 an impact fee.

5 Sec. 3929.257. COLLECTION OF ASSESSMENTS. The district may
6 contract as provided by Chapter 791, Government Code, with the
7 commissioners court of the county for the assessment and collection
8 of assessments imposed under this subchapter.

9 SUBCHAPTER F. DISSOLUTION

10 Sec. 3929.301. DISSOLUTION BY BOARD. The board may
11 dissolve the district in the manner provided by Section 375.261,
12 Local Government Code, subject to Section 375.264, Local Government
13 Code.

14 Sec. 3929.302. DISSOLUTION BY CITY. (a) The city may
15 dissolve the district by ordinance.

16 (b) The city may not dissolve the district until:

17 (1) the district's outstanding debt or contractual
18 obligations have been repaid or discharged; or

19 (2) the city agrees to succeed to the rights and
20 obligations of the district, including an obligation described by
21 Section 3929.304.

22 Sec. 3929.303. COLLECTION OF ASSESSMENTS AND OTHER REVENUE.

23 (a) If the dissolved district has bonds or other obligations
24 outstanding secured by and payable from assessments or other
25 revenue, the city succeeds to the rights and obligations of the
26 district regarding enforcement and collection of the assessments or
27 other revenue.

1 (b) The city shall have and exercise all district powers to
2 enforce and collect the assessments or other revenue to pay:

3 (1) the bonds or other obligations when due and
4 payable according to their terms; or

5 (2) revenue or assessment bonds or other obligations
6 issued by the city to refund the outstanding bonds or obligations of
7 the district.

8 Sec. 3929.304. ASSUMPTION OF ASSETS AND LIABILITIES. (a)
9 After the city dissolves the district, the city assumes the
10 obligations of the district, including any contractual obligations
11 or bonds or other debt payable from assessments or other district
12 revenue.

13 (b) If the city dissolves the district, the board shall
14 transfer ownership of all district property to the city.

15 SECTION 2. The Joshua Farms Municipal Management District
16 No. 2 initially includes all the territory contained in the
17 following area:

18 BEING a tract of land situated in the B.B.B. & C.R.R. Co. Survey,
19 Abstract Number 103, the A.J. Tucker Survey, Abstract Number 833,
20 and the William P. King Survey, Abstract Number 489, Johnson
21 County, Texas and being a portion of that tract of land described by
22 deed Joshua Land Farm LLC., recorded in Instrument Number 22522,
23 County Records, Johnson County, Texas:

24 BEGINNING at the northwest corner of said Joshua Land Farm tract, in
25 the south right-of-way line of FM 917 (a 80 foot right-of-way);

26 THENCE N 89°58'32"E, 1768.76 feet with said south right-of-way;

27 THENCE S 01°19'08"E, 1991.93 feet;

1 THENCE N 89°05'57"E, 3989.06 feet;
2 THENCE N 89°16'48"E, 830.50 feet to the east line of said Joshua Land
3 Farm tract;
4 THENCE S 00°04'27"W, 1665.41 feet with said east line;
5 THENCE S 89°28'44"W, 3093.70 feet with said east line;
6 THENCE S 00°03'03"W, 1465.70 feet with said east line;
7 THENCE S 68°17'01"W, 1321.19 feet departing said east line;
8 THENCE N 56°14'59"W, 442.41 feet;
9 THENCE N 33°45'00"W, 3383.50 feet to the west line of said Joshua
10 Land Farm tract;
11 THENCE N 01°24'23"W, 2507.29 feet with said west line to the Point of
12 Beginning and containing 17,649,096 square feet or 405 acres of
13 land more or less.

14 SECTION 3. (a) The legal notice of the intention to
15 introduce this Act, setting forth the general substance of this
16 Act, has been published as provided by law, and the notice and a
17 copy of this Act have been furnished to all persons, agencies,
18 officials, or entities to which they are required to be furnished
19 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
20 Government Code.

21 (b) The governor, one of the required recipients, has
22 submitted the notice and Act to the Texas Commission on
23 Environmental Quality.

24 (c) The Texas Commission on Environmental Quality has filed
25 its recommendations relating to this Act with the governor,
26 lieutenant governor, and speaker of the house of representatives
27 within the required time.

1 (d) All requirements of the constitution and laws of this
2 state and the rules and procedures of the legislature with respect
3 to the notice, introduction, and passage of this Act have been
4 fulfilled and accomplished.

5 SECTION 4. (a) Section 3929.112, Special District Local
6 Laws Code, as added by Section 1 of this Act, takes effect only if
7 this Act receives a two-thirds vote of all the members elected to
8 each house.

9 (b) If this Act does not receive a two-thirds vote of all the
10 members elected to each house, Subchapter C, Chapter 3929, Special
11 District Local Laws Code, as added by Section 1 of this Act, is
12 amended by adding Section 3929.112 to read as follows:

13 Sec. 3929.112. NO EMINENT DOMAIN POWER. The district may
14 not exercise the power of eminent domain.

15 (c) This section is not intended to be an expression of a
16 legislative interpretation of the requirements of Section 17(c),
17 Article I, Texas Constitution.

18 SECTION 5. This Act takes effect September 1, 2015.

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 28, 2015

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3605 by Burns (Relating to the creation of the Joshua Farms Municipal Management District No. 2; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments or fees.), **As Passed 2nd House**

No fiscal implication to the State is anticipated.

Local Government Impact

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

Source Agencies:

LBB Staff: UP, SD, KVe, EK

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 22, 2015

TO: Honorable Eddie Lucio Jr., Chair, Senate Committee on Intergovernmental Relations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3605** by Burns (Relating to the creation of the Joshua Farms Municipal Management District No. 2; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments or fees.), **Committee Report 2nd House, Substituted**

<p>No fiscal implication to the State is anticipated.</p>
--

Local Government Impact

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

Source Agencies:

LBB Staff: UP, KVe, EK

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 12, 2015

TO: Honorable Eddie Lucio Jr., Chair, Senate Committee on Intergovernmental Relations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3605 by Burns (Relating to the creation of the Joshua Farms Municipal Management District No. 2; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments or fees.), **As Engrossed**

No fiscal implication to the State is anticipated.

Local Government Impact

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

Source Agencies:

LBB Staff: UP, KVe, EK

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 23, 2015

TO: Honorable Doug Miller, Chair, House Committee on Special Purpose Districts

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3605 by Burns (Relating to the creation of the Joshua Farms Municipal Management District No. 2; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments or fees.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

Local Government Impact

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

Source Agencies:

LBB Staff: UP, KVe, EK

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 10, 2015

TO: Honorable Doug Miller, Chair, House Committee on Special Purpose Districts

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3605 by Burns (Relating to the creation of the Joshua Farms Municipal Management District No. 2; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose an ad valorem tax, assessments, or fees.), **As Introduced**

No fiscal implication to the State is anticipated.

Local Government Impact

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

Source Agencies:

LBB Staff: UP, KVe, EK

LEGISLATIVE BUDGET BOARD
Austin, Texas

WATER DEVELOPMENT POLICY IMPACT STATEMENT

84TH LEGISLATIVE REGULAR SESSION

April 24, 2015

TO: Honorable Doug Miller, Chair, House Committee on Special Purpose Districts

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3605 by Burns (Relating to the creation of the Joshua Farms Municipal Management District No. 2; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments or fees.), **Committee Report 1st House, Substituted**

The Legislative Budget Board, in cooperation with the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ), has determined that:

The bill (as substituted) creates Joshua Farms Management District No. 2 (the "District") with the powers and duties of a municipal management district under Local Government Code Chapter 375.

Population - The very specific description of the location of the district and the proposed boundaries does not allow staff to develop a population estimate.

Population growth in the specific area since the 2010 census is unknown. The 2010 population estimate for areas of Johnson County served by small systems or private wells ('County-Other') is 14,888. The Johnson County-Other population projections approved for the 2016 Region G Water Plan projects the population to grow to 15,131 in 2020, 14,810 in 2030 and 15,224 in 2040.

Location - The Proposed districts initial boundaries are described with a combination of Original Texas Land Surveys, County Records of Johnson County and metes and bounds. Due to the complexity of these boundaries for the various sub areas of the district, staff is able to determine only the general location of the proposed district.

The proposed district's area is approximately less than 1 square miles in central northwest Johnson County, just west of the City of Joshua. The City of Cleburne is south of the proposed district, with Godley to the west, and Burleson to the north east. The proposed district could fall within Johnson County SUD's Certificate of Convenience and Necessity (CCN).

Comments on Powers/Duties Different from Similar Types of Districts: Specifies that the District has the powers of a municipal utility district operating under Chapters 49 and 54 (including road powers) of the Water Code, and public improvement district powers as provided by Chapter 372, Local Government Code.

The bill allows the District to create economic development programs and exercise economic

development powers under Chapter 380, Local Government Code and Subchapter A, Chapter 1509, Government Code.

The bill specifies that the initial directors may not hold a confirmation election until the City of Cleburne (the "City") has entered into a development and operating agreement, and that the District is dissolved March 1, 2018, if the development and operating agreement is not entered into before that date

The bill specifies that the District may annex or remove land as provided by Subchapter J, Chapter 49, Water Code. If the land is within the extraterritorial jurisdiction of the City, the District must receive City approval to add or remove land.

Local Government Code Section 375.094 states that an MMD does not have eminent domain powers. The bill specifies that this section does not apply to the District. The bill further specifies the processes by which the District may utilize eminent domain.

The bill specifies that the District's board must determine that a project is necessary to accomplish a public purpose of the District, and that the project may be located inside or outside the District. The District may also undertake a project within a defined area of the District, and may collect a special assessment on said property.

The bill allows the District to divide into two or more districts only if the District has no outstanding bonded debt.

Local Government Code Section 375.208 states that an MMD must receive TCEQ approval of bonds issued for water, wastewater, and drainage facilities. Section 49.181 provides TCEQ's jurisdiction over the issuance of bonds by districts. The bill specifies that these sections do not apply to the District.

The bill specifies that the District may levy maintenance taxes and a contract tax.

Local Government Code Section 375.161 states that an MMD may not impose an impact fee, assessment, tax, or other requirement for payment, construction, alteration, or dedication under this chapter on single-family detached residential property, duplexes, triplexes, and fourplexes. The bill specifies that this section does not apply to the District.

The bill specifies that the City may dissolve the District by ordinance.

The bill specifies that the City's consent is required for: the District's creation; any addition of powers of the District; the District establishing police and fire departments; and the District's use of eminent domain.

The bill specifies that the District may not levy an ad valorem tax.

Overlapping Services: TCEQ does not have mapping information for water and/or wastewater providers because this function was transferred from the TCEQ to the Public Utility Commission on September 1, 2014. As a result, TCEQ is unaware of possible overlapping service providers.

TCEQ's Supervision: Similar to general law districts, the TCEQ will have the authority to review of financial reports/audits.

Water Use - HB 3605 specifies that "the district has the powers and duties provided by the

general law of the state, including Chapters 49 and 54, Water Code, applicable to municipal utility districts created under Section 59, Article XVI, Texas Constitution".

Within Johnson County, 33 Percent of the total water use was groundwater (Trinity-Subcrop Aquifer) in 2012. Eighty percent of all the groundwater pumping was for municipal use. The water source of the proposed district might pursue is unknown.

Source Agencies: 582 Commission on Environmental Quality, 580 Water Development Board

LBB Staff: UP, SZ

LEGISLATIVE BUDGET BOARD
Austin, Texas

WATER DEVELOPMENT POLICY IMPACT STATEMENT

84TH LEGISLATIVE REGULAR SESSION

April 14, 2015

TO: Honorable Doug Miller, Chair, House Committee on Special Purpose Districts

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3605 by Burns (Relating to the creation of the Joshua Farms Municipal Management District No. 2; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose an ad valorem tax, assessments, or fees.), **As Introduced**

The Legislative Budget Board, in cooperation with the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ), has determined that:

The bill creates Joshua Farms Management District No. 2 (the "District") with the powers and duties of a municipal management district under Local Government Code Chapter 375.

Population - The very specific description of the location of the district and the proposed boundaries does not allow staff to develop a population estimate.

Population growth in the specific area since the 2010 census is unknown. The 2010 population estimate for areas of Johnson County served by small systems or private wells ('County-Other') is 14,888. The Johnson County-Other population projections approved for the 2016 Region G Water Plan projects the population to grow to 15,131 in 2020, 14,810 in 2030 and 15,224 in 2040.

Location - The Proposed districts initial boundaries are described with a combination of Original Texas Land Surveys, County Records of Johnson County and metes and bounds. Due to the complexity of these boundaries for the various sub areas of the district, staff is able to determine only the general location of the proposed district.

The proposed district's area is approximately less than 1 square miles in central northwest Johnson County, just west of the City of Joshua. The City of Cleburne is south of the proposed district, with Godley to the west, and Burleson to the north east. The proposed district could fall within Johnson County SUD's Certificate of Convenience and Necessity (CCN).

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The bill allows the District to create economic development programs and exercise economic development powers under Chapter 380, Local Government Code and Subchapter A, Chapter

1509, Government Code.

Specifies that the District may annex or remove land as provided by Subchapter J, Chapter 49, Water Code. If the land is within the extraterritorial jurisdiction of the City of Cleburne (the "City"), the District must receive City approval to add or remove land.

Local Government Code Section 375.094 states that an MMD does not have eminent domain powers. The bill specifies that this section does not apply to the District. The bill further specifies the processes by which the District may utilize eminent domain.

Specifies that the District's board must determine that a project is necessary to accomplish a public purpose of the District, and that the project may be located inside or outside the District. The District may also undertake a project within a defined area of the District, and may collect a special assessment on said property.

The bill allows the District to divide into two or more districts only if the District has no outstanding bonded debt.

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Source Agencies: 582 Commission on Environmental Quality, 580 Water Development Board

LBB Staff: UP, SZ