

## **BILL ANALYSIS**

C.S.H.B. 1207  
By: Gooden  
Special Purpose Districts  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties note the need to codify and amend the powers and duties of the Kaufman County Fresh Water Supply District No. 1-A in order to help the district better serve its local community. C.S.H.B. 1207 seeks to achieve this goal.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **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**

C.S.H.B. 1207 amends the Special District Local Laws Code to establish provisions relating to the Kaufman County Fresh Water Supply District No. 1-A. The bill applies to the district, except as otherwise provided by the bill, Water Code provisions applicable to certain water districts and provisions relating to water control and improvement districts and fresh water supply districts, Local Government Code provisions relating to municipal management districts in general, and Transportation Code provisions relating to road districts and other applicable general laws.

C.S.H.B. 1207 grants the district the power to undertake certain road projects and provides for, among other provisions, road standards and requirements, joint road projects, an exemption from certain supervision and approval requirements, road contracts, and division of the district. The bill authorizes the district, subject to certain requirements, to issue obligations and impose assessments. The bill provides for the validation and confirmation of the district's creation and of certain district actions and proceedings taken not more than three years before the bill's effective date.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2017.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 1207 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subtitle B, Title 6, Special District Local Laws Code, is amended by adding Chapter 6916 to read as follows:

CHAPTER 6916. KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO.

1-A  
SUBCHAPTER A. GENERAL PROVISIONS

Sec. 6916.001. DEFINITIONS.

Sec. 6916.002. NATURE OF DISTRICT.

Sec. 6916.003. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

Sec. 6916.004. APPLICABILITY OF OTHER LAW. Except as otherwise provided by this chapter, the following laws apply to the district:

- (1) Chapters 49, 51, and 53, Water Code;
- (2) Chapters 372 and 375, Local Government Code; and
- (3) Chapter 257, Transportation Code, and other general laws applicable to road districts created under Section 52, Article III, Texas Constitution, to the extent those provisions can apply to the district.

Sec. 6916.005. PROHIBITION AGAINST IMPAIRMENT OF DISTRICT. A county in which the district is located or a municipality in whose extraterritorial jurisdiction the district is located may not take any action, including adopting an order, ordinance, or resolution, that:

- (1) impairs the district's ability to exercise the district's powers under this chapter; or
- (2) limits the district's ability to finance, construct, or operate the district's water, wastewater, drainage, or road systems.

SUBCHAPTER B. POWERS AND DUTIES

Sec. 6916.051. AUTHORITY FOR ROAD PROJECTS. Under Section 52, Article III, Texas Constitution, the district may design, acquire, construct, finance, issue bonds for, improve, operate, maintain, and convey to this state, a county, or a municipality for operation and maintenance macadamized, graveled, concreted, or paved roads, or improvements in aid of or incidental to those roads, including:

- (1) bridges;

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subtitle B, Title 6, Special District Local Laws Code, is amended by adding Chapter 6916 to read as follows:

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1-A  
SUBCHAPTER A. GENERAL PROVISIONS

Sec. 6916.001. DEFINITIONS.

Sec. 6916.002. NATURE OF DISTRICT.

Sec. 6916.003. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

Sec. 6916.004. APPLICABILITY OF OTHER LAW. Except as otherwise provided by this chapter, the following laws apply to the district:

- (1) Chapters 49, 51, and 53, Water Code;
- (2) Chapter 375, Local Government Code; and
- (3) Chapter 257, Transportation Code, and other general laws applicable to road districts created under Section 52, Article III, Texas Constitution, to the extent those provisions can apply to the district.

SUBCHAPTER B. POWERS AND DUTIES

Sec. 6916.051. AUTHORITY FOR ROAD PROJECTS. Under Section 52, Article III, Texas Constitution, the district may design, acquire, construct, finance, issue bonds for, improve, operate, maintain, and convey to this state, a county, or a municipality for operation and maintenance macadamized, graveled, concreted, or paved roads, or improvements, including storm drainage, in aid of those roads.

- (2) drainage;
- (3) landscaping;
- (4) lights, signs, and signals;
- (5) public safety facilities;
- (6) retaining walls; and
- (7) pedestrian ways, sidewalks, and trails.

Sec. 6916.052. JOINT ROAD PROJECTS.

Sec. 6916.053. EXEMPTION FROM CERTAIN SUPERVISION AND APPROVAL REQUIREMENTS. (a) The district may reimburse expenditures as provided by Sections 257.003(a) and (b), Transportation Code, without the approval required by Section 257.003(c), Transportation Code.

(b) The district may reimburse expenditures for a project constructed or acquired under Section 6916.051 or 6916.052 without the approval required by Section 49.107(f), Water Code.

(c) Sections 49.181 and 49.182, Water Code, and Section 375.208, Local Government Code, do not apply to:

- (1) a project authorized by Section 6916.051 or 6916.052;
- (2) bonds issued for a project described by Subdivision (1);
- (3) bonds issued by the district secured by assessment revenue; or
- (4) bonds issued under Chapters 372 and 375, Local Government Code.

Sec. 6916.054. ROAD CONTRACTS.

Sec. 6916.052. ROAD STANDARDS AND REQUIREMENTS. (a) A road project must meet all applicable construction standards, zoning and subdivision requirements, and regulations of each municipality in whose corporate limits or extraterritorial jurisdiction the road project is located.

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

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

Sec. 6916.053. JOINT ROAD PROJECTS.

Sec. 6916.054. EXEMPTION FROM CERTAIN SUPERVISION AND APPROVAL REQUIREMENTS. (a) The district may reimburse expenditures as provided by Sections 257.003(a) and (b), Transportation Code, without the approval required by Section 257.003(c), Transportation Code.

(b) The district may reimburse expenditures for a project constructed or acquired under Section 6916.051 or 6916.053 without the approval required by Section 49.107(f), Water Code.

(c) Sections 49.181 and 49.182, Water Code, and Section 375.208, Local Government Code, do not apply to:

- (1) a project authorized by Section 6916.051 or 6916.053; or
- (2) bonds issued for a project described by Subdivision (1).

Sec. 6916.055. ROAD CONTRACTS.

Sec. 6916.055. DIVISION OF DISTRICT.

(a) The district may be divided into two or more new districts by election only if the district:

- (1) has no outstanding bonded debt; and
- (2) is not imposing ad valorem taxes.

(b) The division procedure is prescribed by Sections 53.030 through 53.041, Water Code.

(c) A new district created by the division of the district has all the powers and duties of the district.

SUBCHAPTER C. GENERAL FINANCIAL PROVISIONS

85R 25128

Substitute Document Number: 85R 24534

Sec. 6916.056. DIVISION OF DISTRICT.

(a) The district may be divided into two or more new districts only if the district:

- (1) has no outstanding bonded debt; and
- (2) is not imposing ad valorem taxes.

(b) This chapter applies to any new district created by the division of the district, and a new district has all the powers and duties of the district.

(c) Any new district created by the division of the district may not, at the time the new district is created, contain any land outside the initial boundaries of the district.

(d) The board, on its own motion or on receipt of a petition signed by the owner or owners of a majority of the assessed value of the real property in the district, may adopt an order dividing the district.

(e) An order dividing the district must:

- (1) name each new district;
- (2) include the metes and bounds description of the territory of each new district;
- (3) appoint temporary directors for each new district; and
- (4) provide for the division of assets and liabilities between or among the new districts.

(f) On or before the 30th day after the date of adoption of an order dividing the district, the district shall file the order with the Texas Commission on Environmental Quality and record the order in the real property records of each county in which the district is located.

(g) Any new district created by the division of the district shall hold a confirmation and directors' election as required by Chapter 49, Water Code.

(h) If the creation of the new district is confirmed, the new district shall provide the election date and results to the Texas Commission on Environmental Quality.

(i) Any new district created by the division of the district must hold an election as required by this chapter to obtain voter approval before the district may impose a maintenance tax or issue bonds payable wholly or partly from ad valorem taxes.

SUBCHAPTER C. GENERAL FINANCIAL PROVISIONS

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Sec. 6916.101. ASSESSMENTS. (a) The district may impose an assessment on property in the district to pay for an improvement project authorized by Section 6916.051 or 6916.052 or an obligation described by Section 6916.151 in the manner provided for:

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

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

(b) The district may impose an assessment for any district operation and maintenance or authorized improvement or supplemental service, including public safety services, in the manner provided for:

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

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

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

Sec. 6916.102. RESIDENTIAL PROPERTY NOT EXEMPT.

#### SUBCHAPTER D. BONDS

Sec. 6916.151. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS.

(a) Subject to Subsections (c) and (d), the district may issue bonds or other obligations to finance the construction, maintenance, or operation of road projects authorized by Section 6916.051 or 6916.052.

(b) The district may issue by competitive bidding or negotiated sale bonds or other obligations payable wholly or partly from ad valorem taxes, assessments, impact fees, revenue, contract revenue, grants, or other district money, or any combination of those sources, to pay for a road project.

(c) The district may not issue bonds or other obligations payable wholly or partly from ad valorem taxes to finance a road

Sec. 6916.101. ASSESSMENTS. (a) The district may impose an assessment on property in the district to pay for an improvement project or an obligation described by Section 6916.151 in the manner provided for

a district under Subchapters A, E, and F, Chapter 375, Local Government Code.

(b) The district may impose an assessment for any district operation and maintenance or authorized improvement or supplemental service, including public safety services, in the manner provided for

a district under Subchapters A, E, and F, Chapter 375, Local Government Code.

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

Sec. 6916.102. RESIDENTIAL PROPERTY NOT EXEMPT.

#### SUBCHAPTER D. BONDS

Sec. 6916.151. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS.

(a) Subject to Subsections (d) and (e), the district may issue bonds or other obligations to finance the construction, maintenance, or operation of road projects authorized by Section 6916.051 or 6916.053.

(b) The district may issue by competitive bidding or negotiated sale bonds or other obligations payable wholly or partly from ad valorem taxes, assessments, impact fees, revenue, contract revenue, grants, or other district money, or any combination of those sources, to pay for an improvement project.

(c) District bonds or other obligations issued to pay for a joint utility or road project, in addition to the sources of district money listed under Subsection (b), may be payable wholly or partly from contract revenue from another district that is secured by ad valorem taxes imposed by or other revenue from the other district.

(d) The district may not issue bonds or other obligations payable wholly or partly from ad valorem taxes to finance a road

project unless the issuance is approved by a vote of a two-thirds majority of the district voters voting at an election held for that purpose.

(d) At the time of issuance, the total principal amount of bonds or other obligations issued or incurred to finance road projects and payable from ad valorem taxes may not exceed one-fourth of the assessed value of the real property in the district.

SECTION 2. (a) The following are validated and confirmed in all respects:

- (1) the creation of the Kaufman County Fresh Water Supply District No. 1-A; and
- (2) any act or proceeding of the district, including an election, not excepted by this section and taken not more than three years before the effective date of this Act, effective as of the date on which the act or proceeding occurred.

(b) This section does not apply to:

- (1) an act, proceeding, director, other official, bond, or other obligation the validity of which or of whom is the subject of litigation that is pending on the effective date of this Act; or
- (2) an act or proceeding that, under a statute of this state or the United States, was a misdemeanor or felony at the time the act or proceeding occurred.

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

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

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

project unless the issuance is approved by a vote of a two-thirds majority of the district voters voting at an election held for that purpose.

(e) At the time of issuance, the total principal amount of bonds or other obligations issued or incurred to finance road projects and payable from ad valorem taxes may not exceed one-fourth of the assessed value of the real property in the district.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.

(d) All requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 4. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.

SECTION 4. Same as introduced version.