

## **BILL ANALYSIS**

Senate Research Center  
85R7338 AAF-F

H.B. 2565  
By: Stucky (Estes)  
Intergovernmental Relations  
5/12/2017  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

H.B. 2565 amends the Special Districts Local Law Code to establish provisions relating to the Big Sky Municipal Utility District of Denton County. The bill grants the district the power to undertake certain road projects and provides for firefighting services. The bill authorizes the district, subject to certain requirements, to issue obligations, adopt and enforce certain charges, fees, or rentals, and impose property taxes, and provides for the enforcement of payment for an unpaid fee or charge.

H.B. 2565 establishes that the district retains all rights, powers, privileges, authority, duties, and functions that it had before the bill's effective date.

H.B. 2565 amends current law relating to the powers and duties of the Big Sky Municipal Utility District of Denton County and provides authority to issue bonds and impose fees and taxes.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subtitle F, Title 6, Special District Local Laws Code, by adding Chapter 7973, as follows:

#### CHAPTER 7973. BIG SKY MUNICIPAL UTILITY DISTRICT OF DENTON COUNTY

##### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 7973.001. DEFINITION. Defines "district."

Sec. 7973.002. NATURE AND PURPOSE OF DISTRICT. (a) Provides that the Big Sky Municipal Utility District of Denton County (district) is a municipal utility district (MUD) created under Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI (General Provisions), Texas Constitution.

(b) Provides that the district is created to accomplish the purposes of a MUD as provided by general law and Section 59, Article XVI, Texas Constitution, and Section 52 (Counties, Cities or Other Political Corporations or Subdivisions; Lending Credit; Grants; Bonds), Article III (Legislative Department), Texas Constitution, that relate to the construction, acquisition, improvement, operation, or maintenance of certain roads.

##### SUBCHAPTER B. POWERS AND DUTIES

Sec. 7973.051. GENERAL POWERS AND DUTIES. Provides that the district has all the powers and duties necessary to accomplish the purposes for which the district is created.

Sec. 7973.052. MUNICIPAL UTILITY DISTRICT POWERS AND DUTIES. Provides that the district has the powers and duties provided by the general law of this state, including Chapter 49 (Provisions Applicable to All Districts) and 54 (Municipal Utility Districts), Water Code, applicable to MUDs created under Section 59, Article XVI, Texas Constitution.

Sec. 7973.053. AUTHORITY FOR ROAD PROJECTS. Authorizes the district, under Section 52, Article III, Texas Constitution, to design, acquire, construct, finance, issue bonds for, improve, operate, maintain, and convey to this state, a county, or a municipality for operation and maintenance of certain roads or improvements in aid of those roads.

Sec. 7973.054. ROAD STANDARDS AND REQUIREMENTS. (a) Requires that a road project meet all applicable construction standards, and regulations of each municipality in whose corporate limits or extraterritorial jurisdiction the road project is located.

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

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

Sec. 7973.055. FIREFIGHTING SERVICES. Authorizes the district, as authorized by Section 59(f) (relating to authorizing certain districts to engage in fire-fighting activities and to issue bonds for that purpose), Article XVI, Texas Constitution, and Section 49.351 (Fire Departments), Water Code, notwithstanding Section 49.351(a) (relating to authorizing certain districts to establish taxes, fees, and bonds for fire-fighting purposes), Water Code, to:

(1) establish, operate, and maintain a fire department;

(2) contract with another political subdivision for the joint operation of a fire department; or

(3) contract with any other person to perform firefighting services in the district and to issue bonds and impose taxes to pay for the department and the activities.

Sec. 7973.056. FEES AND CHARGES. (a) Authorizes the district to adopt and enforce all necessary charges, mandatory fees, or rentals, in addition to taxes, for providing or making available any district facility or service, including firefighting activities provided under Section 7973.055.

(b) Requires a retail public utility, as defined by Section 13.002 (Definitions), Water Code, providing water or sewer service to a customer in the district, to enforce payment of an unpaid fee or charge due to the district, on the request of the district, to terminate the service.

#### SUBCHAPTER C. BONDS AND OTHER OBLIGATIONS

Sec. 7973.101. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS FOR ROAD PROJECTS. (a) Authorizes the district, in addition to the district's authority to issue bonds for other purposes, to issue bonds or other obligations payable wholly or partly from certain sources, to pay for a road project authorized by Section 7973.053.

(b) Prohibits the district from issuing bonds payable 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.

(c) Prohibits the total principal amount of bonds or other obligations issued or incurred to finance road projects and payable from ad valorem taxes, at the time of issuance, from exceeding one-fourth of the assessed value of the real property in the district.

Sec. 7973.102. TAXES FOR BONDS. Requires the district, at the time the district issues bonds payable wholly or partly from ad valorem taxes, to provide for the annual imposition of a continuing ad valorem tax, without limit as to rate or amount, while all or part of the bonds are outstanding.

SECTION 2. Provides that the district retains all rights, powers, privileges, authority, duties, and functions that it had before the effective date of this Act.

SECTION 3. Provides that all requirements of the constitution and the 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. Effective date: upon passage or September 1, 2017.