

**BILL ANALYSIS**

C.S.H.B. 4341  
By: Bailes  
Special Purpose Districts  
Committee Report (Substituted)

**BACKGROUND AND PURPOSE**

Interested parties contend that certain undeveloped land located in Liberty County would benefit from the creation of a management district for purposes of residential and economic development. C.S.H.B. 4341 seeks to provide for the creation of such a district.

**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. 4341 amends the Special District Local Laws Code to create the Liberty County Municipal Management District No. 1 to provide certain improvements, projects, and services for public use and benefit. The bill provides for, among other provisions, the provision of firefighting services by the district. The bill sets out the district's powers and duties, which include, subject to certain requirements, the authority to borrow money, issue obligations, impose and collect assessments, and impose property, operation and maintenance, and sales and use taxes and certain other fees and charges. The bill sets out certain special bond provisions and prohibits the district from exercising the power of eminent domain.

**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. 4341 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	HOUSE COMMITTEE SUBSTITUTE
SECTION 1. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3795 to read as follows: <u>CHAPTER 3795. LIBERTY COUNTY</u>	SECTION 1. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3795 to read as follows: <u>CHAPTER 3795. LIBERTY COUNTY</u>

MUNICIPAL MANAGEMENT DISTRICT  
NO. 1

SUBCHAPTER A. GENERAL  
PROVISIONS

Sec. 3795.001. DEFINITIONS.

Sec. 3795.002. CREATION AND  
NATURE OF DISTRICT.

Sec. 3795.003. PURPOSE; LEGISLATIVE  
FINDINGS.

Sec. 3795.004. FINDINGS OF BENEFIT  
AND PUBLIC PURPOSE.

Sec. 3795.005. INITIAL DISTRICT  
TERRITORY. (a) The district is initially  
composed of the territory described by  
Section 2 of the Act enacting this chapter.

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

- (1) organization, existence, or validity;
- (2) right to contract;
- (3) authority to borrow money or issue  
bonds or other obligations described by  
Section 3795.204 or to pay the principal and  
interest of the bonds or other obligations;
- (4) right to impose or collect an assessment  
or collect other revenue; or
- (5) legality or operation.

Sec. 3795.006. APPLICABILITY OF  
MUNICIPAL MANAGEMENT DISTRICT  
LAW.

Sec. 3795.007. CONSTRUCTION OF  
CHAPTER.

SUBCHAPTER B. BOARD OF  
DIRECTORS

Sec. 3795.051. GOVERNING BODY;  
TERMS.

Sec. 3795.052. APPOINTMENT OF  
DIRECTORS.

Sec. 3795.053. VACANCY.

MUNICIPAL MANAGEMENT DISTRICT  
NO. 1

SUBCHAPTER A. GENERAL  
PROVISIONS

Sec. 3795.001. DEFINITIONS.

Sec. 3795.002. CREATION AND  
NATURE OF DISTRICT.

Sec. 3795.003. PURPOSE; LEGISLATIVE  
FINDINGS.

Sec. 3795.004. FINDINGS OF BENEFIT  
AND PUBLIC PURPOSE.

Sec. 3795.005. INITIAL DISTRICT  
TERRITORY. (a) The district is initially  
composed of the territory described by  
Section 2 of the Act enacting this chapter.

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

- (1) organization, existence, or validity;
- (2) right to contract;
- (3) authority to borrow money or issue  
bonds or other obligations described by  
Section 3795.205 or to pay the principal and  
interest of the bonds or other obligations;
- (4) right to impose or collect an assessment  
or collect other revenue; or
- (5) legality or operation.

Sec. 3795.006. APPLICABILITY OF  
MUNICIPAL MANAGEMENT DISTRICT  
LAW.

Sec. 3795.007. CONSTRUCTION OF  
CHAPTER.

SUBCHAPTER B. BOARD OF  
DIRECTORS

Sec. 3795.051. GOVERNING BODY;  
TERMS.

Sec. 3795.052. APPOINTMENT OF  
DIRECTORS.

Sec. 3795.053. VACANCY.

Sec. 3795.054. COMPENSATION; EXPENSES.

Sec. 3795.055. INITIAL DIRECTORS. (a)

The initial board consists of:

Pos. No. Name of Director

1William Harris III

2Damaris Watson

3Brent A. Lane

4Clifton C. Cadle

5Savannah Crihfield

(b) The terms of the initial directors expire June 1, 2019.

(c) Of the directors who replace an initial director, the terms of directors serving in positions 1 through 3 expire June 1, 2021, and the terms of directors serving in positions 4 and 5 expire June 1, 2023.

(d) Section 3795.052 does not apply to initial directors under this section.

(e) This section expires September 1, 2023.

SUBCHAPTER C. POWERS AND DUTIES

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

SUBCHAPTER E. TAXES AND BONDS

Sec. 3795.201. ELECTIONS REGARDING TAXES AND BONDS.

Sec. 3795.202. OPERATION AND MAINTENANCE TAX.

Sec. 3795.203. SALES AND USE TAX.

Sec. 3795.204. AUTHORITY TO BORROW MONEY AND TO ISSUE BONDS AND OTHER OBLIGATIONS.

Sec. 3795.205. TAXES FOR BONDS.

Sec. 3795.054. COMPENSATION; EXPENSES.

Sec. 3795.055. INITIAL DIRECTORS. (a)

The initial board consists of:

(1) two directors appointed by the Cleveland Independent School District;

(2) two directors appointed by the county commissioners court; and

(3) one director appointed by the person who owns the largest portion of the assessed value of the real property in the district.

(b) The terms of the initial directors expire June 1, 2019.

(c) Of the directors who replace an initial director, the terms of three directors must expire June 1, 2021, and the terms of two directors must expire June 1, 2023.

(d) Section 3795.052 does not apply to initial directors under this section.

(e) This section expires September 1, 2023.

SUBCHAPTER C. POWERS AND DUTIES

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

SUBCHAPTER E. TAXES AND BONDS

Sec. 3795.201. ELECTIONS REGARDING TAXES AND BONDS.

Sec. 3795.202. AGREEMENT REQUIRED FOR BONDS. Before the district may issue bonds, the district must enter into an agreement with a developer of land in the district, the Cleveland Independent School District, and Liberty County for the transfer of land for use as the sites of facilities for the school district and for emergency services.

Sec. 3795.203. OPERATION AND MAINTENANCE TAX.

Sec. 3795.204. SALES AND USE TAX.

Sec. 3795.205. AUTHORITY TO BORROW MONEY AND TO ISSUE BONDS AND OTHER OBLIGATIONS.

Sec. 3795.206. TAXES FOR BONDS.

Sec. 3795.206. BONDS FOR ROAD PROJECTS.

SUBCHAPTER F. SPECIAL BOND PROVISIONS

Sec. 3795.251. APPLICABILITY.

Sec. 3795.252. CONFLICT OF LAWS.

Sec. 3795.253. WRITTEN AGREEMENT REGARDING SPECIAL APPRAISALS.

Before an election may be held on the question of issuing bonds, including an election that combines the question of confirming the creation of the district with the question of authorizing the district to issue bonds, the district and any person to whom the board intends that proceeds of the bonds be distributed, including the developer, another owner of land in the district, and any entity acting as a lender to the developer or other landowner for the purpose of a project relating to the district, must enter into a written agreement that:

(1) waives for the term of the agreement the right to a special appraisal with respect to taxation by the district under Subchapters B, C, D, E, F, and H, Chapter 23, Tax Code; and

(2) remains in effect for 30 years and is binding on the parties, on entities related to or affiliated with the parties, and on their successors and assignees.

Sec. 3795.254. REQUIREMENTS FOR ADVERTISING BOND ISSUE. A district may not advertise for an issuance of bonds until the completion of at least 25 percent of the projected value of the improvements, including houses and other buildings, that are liable for district assessments and necessary to support the district bonds.

Sec. 3795.255. REQUIREMENTS FOR BOND ISSUE.

Sec. 3795.256. REQUIREMENTS FOR COLLECTION OF REVENUE TO PAY BONDS. The district may not collect an assessment to be used for the payment of bonds until:

(1) the completion of at least 95 percent of the underground water, wastewater, and drainage facilities financed from bond

Sec. 3795.207. BONDS FOR ROAD PROJECTS.

SUBCHAPTER Z. SPECIAL BOND PROVISIONS

Sec. 3795.901. APPLICABILITY.

Sec. 3795.902. CONFLICT OF LAWS.

Sec. 3795.903. WRITTEN AGREEMENT REGARDING SPECIAL APPRAISALS.

Before the district may issue bonds, the district and any person to whom the board intends that proceeds of the bonds be distributed, including a developer of or owner of land in the district and any entity acting as a lender to a developer of or owner of land in the district for the purpose of a project relating to the district, must enter into a written agreement that:

(1) waives for the term of the agreement the right to a special appraisal with respect to taxation by the district under Subchapters B, C, D, E, F, and H, Chapter 23, Tax Code; and

(2) remains in effect for 30 years and is binding on the parties, on entities related to or affiliated with the parties, and on their successors and assignees.

Sec. 3795.904. REQUIREMENTS FOR ADVERTISING BOND ISSUE. The district may not advertise for an issuance of bonds until the completion of at least 25 percent of the projected value of the improvements, including houses and other buildings, that are liable for district assessments and necessary to support the district bonds.

Sec. 3795.905. REQUIREMENTS FOR BOND ISSUE.

Sec. 3795.906. REQUIREMENTS FOR COLLECTION OF REVENUE TO PAY BONDS. The district may not collect an assessment to be used for the payment of bonds until:

(1) the completion of at least 95 percent of the underground water, wastewater, and drainage facilities financed from bond

proceeds that are necessary to serve the projected build-out, as certified by the district's engineer;

(2) the district or other appropriate party has secured the groundwater, surface water, and water discharge permits that are necessary to secure capacity to support the projected build-out;

(3) the completion of at least 95 percent of lift station, water plant, and sewage treatment plant capacity sufficient to serve the connections constructed in the project for a period of not less than 18 months, as certified by the district's engineer; and

(4) the completion of at least 95 percent of the streets and roads that are necessary to provide access to the areas served by utilities and financed by the proceeds of bonds issued by the district, as certified by the district's engineer and constructed in accordance with municipal or county standards.

SECTION 2. Sets out the metes and bounds of the district.

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, lieutenant governor, and speaker of the house of representatives within the required time.

(d) The general law relating to consent by political subdivisions to the creation of districts with conservation, reclamation, and road powers and the inclusion of land in those districts has been complied with.

(e) 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

proceeds that are necessary to serve the projected build-out, as certified by the district's engineer;

(2) the district or other appropriate party has secured the groundwater, surface water, and water discharge permits that are necessary to secure capacity to support the projected build-out;

(3) the completion of at least 95 percent of lift station, water plant, and sewage treatment plant capacity sufficient to serve the connections constructed in the project for a period of not less than 18 months, as certified by the district's engineer; and

(4) the completion of at least 95 percent of the streets and roads that are necessary to provide access to the areas served by utilities and financed by the proceeds of bonds issued by the district, as certified by the district's engineer and constructed in accordance with city or county standards.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.

Act have been 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.