

BILL ANALYSIS

C.S.S.B. 2244
By: West
Special Purpose Districts
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that an area located within the corporate limits of the City of Dallas would benefit from the creation of a management district. C.S.S.B. 2244 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.S.B. 2244 amends the Special District Local Laws Code to create the University Hills Municipal Management District, subject to municipal consent and voter approval at a confirmation election, to provide certain improvements, projects, and services for public use and benefit. The bill provides for, among other provisions, certain limitations on the district's emergency services powers, the addition or removal of territory by the district, the division of the district into multiple districts, the district's enforcement of real property restrictions, the exemption of certain utility property from district assessments and fees, and the dissolution of the district, including dissolution of the district by an ordinance of the City of Dallas. The bill sets out the district's powers and duties, which include water district powers, public improvement district powers, contract powers, and, subject to certain requirements, the authority to undertake certain road projects, borrow money, issue obligations, impose and collect assessments, and establish, revise, repeal, enforce, and collect certain rates, fees, and charges. The bill sets out provisions regarding improvement projects and services. The bill prohibits the district from exercising the power of eminent domain, from imposing property taxes, and from constructing, acquiring, maintaining, or operating a toll road and exempts the district from statutory provisions relating to the exemption of residential property from municipal management district fees, assessments, and taxes. The bill prohibits the district from exercising any additional power granted to the district by the legislature that is in addition to the powers initially approved by the governing body of the City of Dallas unless the governing body consents to that change by ordinance or resolution.

EFFECTIVE DATE

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

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 2244 may differ from the engrossed in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the engrossed and committee substitute versions of the bill.

SENATE ENGROSSED

SECTION 1. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3947 to read as follows:

CHAPTER 3947. UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3947.001. DEFINITIONS.

Sec. 3947.002. CREATION AND NATURE OF DISTRICT.

Sec. 3947.003. PURPOSE; LEGISLATIVE FINDINGS.

Sec. 3947.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

Sec. 3947.005. INITIAL DISTRICT TERRITORY.

Sec. 3947.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.

Sec. 3947.007. CONFIRMATION AND DIRECTORS' ELECTION REQUIRED.

Sec. 3947.008. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICT LAW. (a) Except as provided by this chapter, Chapter 375, Local Government Code, applies to the district.
(b) Subchapters B and O, Chapter 375, Local Government Code, do not apply to the district.

Sec. 3947.009. CONSTRUCTION OF CHAPTER.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3947 to read as follows:

CHAPTER 3947. UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3947.001. DEFINITIONS.

Sec. 3947.002. CREATION AND NATURE OF DISTRICT.

Sec. 3947.003. PURPOSE; LEGISLATIVE FINDINGS.

Sec. 3947.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

Sec. 3947.005. INITIAL DISTRICT TERRITORY.

Sec. 3947.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.

Sec. 3947.007. CONFIRMATION AND DIRECTORS' ELECTION REQUIRED.

Sec. 3947.008. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICT LAW. Except as provided by this chapter, Chapter 375, Local Government Code, applies to the district.

Sec. 3947.009. CONSTRUCTION OF CHAPTER.

Sec. 3947.010. CONSENT OF MUNICIPALITY REQUIRED. The temporary directors may not hold an election under Section 3947.007 until each municipality in whose corporate limits or extraterritorial jurisdiction the district is located has consented by ordinance or resolution to the creation of the district and

to the inclusion of land in the district.

Sec. 3947.010. CONCURRENCE ON
ADDITIONAL POWERS.

Sec. 3947.011. CONCURRENCE ON
ADDITIONAL POWERS.

SUBCHAPTER B. BOARD OF
DIRECTORS

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DIRECTORS

Sec. 3947.051. GOVERNING BODY;
TERMS.

Sec. 3947.051. GOVERNING BODY;
TERMS.

Sec. 3947.052. BOARD MEETINGS.

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Sec. 3947.053. REMOVAL OF
DIRECTORS.

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DIRECTORS.

Sec. 3947.054. INITIAL DIRECTORS. (a)

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The initial board consists of:

The initial board consists of:

Pos. No. Name of Director

Pos. No. Name of Director

1Michael Beaty

1Kenneth Medlock

2Curtis Clinesmith

2Michael Williams

3Susan Larson

3Susan Larson

4Alan Michlin

4Alan Michlin

5Michael Warner

5Michael Warner

(b) Initial directors serve until the earlier of:

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(1) the date permanent directors are elected
under Section 3947.007; or

(1) the date permanent directors are elected
under Section 3947.007; or

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

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

(c) If permanent directors have not been
elected under Section 3947.007 and the
terms of the initial directors have expired,
successor initial directors shall be appointed
or reappointed as provided by Subsection

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elected under Section 3947.007 and the
terms of the initial directors have expired,
successor initial directors shall be appointed
or reappointed as provided by Subsection

(d) to serve terms that expire on the earlier
of:

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of:

(1) the date permanent directors are elected
under Section 3947.007; or

(1) the date permanent directors are elected
under Section 3947.007; or

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

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

(d) If Subsection (c) applies, the owner or
owners of a majority of the assessed value
of the real property in the district according
to the most recent certified tax appraisal
rolls for the county may submit a petition to
the commission requesting that the
commission appoint as successor initial
directors the five persons named in the
petition. The commission shall appoint as
successor initial directors the five persons
named in the petition.

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

SUBCHAPTER C. POWERS AND
DUTIES

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Sec. 3947.101. GENERAL POWERS AND
DUTIES.

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DUTIES.

Sec. 3947.102. IMPROVEMENT PROJECTS.

Sec. 3947.103. WATER DISTRICT POWERS.

Sec. 3947.104. AUTHORITY FOR ROAD PROJECTS.

Sec. 3947.105. ROAD STANDARDS AND REQUIREMENTS.

Sec. 3947.106. NO TOLL ROADS.

Sec. 3947.107. PUBLIC IMPROVEMENT DISTRICT POWERS.

Sec. 3947.108. CONTRACT POWERS.

Sec. 3947.109. AD VALOREM TAXATION.

Sec. 3947.110. LIMITATIONS ON EMERGENCY SERVICES POWERS.

Sec. 3947.111. ADDING OR REMOVING TERRITORY.

(See Subchapter D below.)

Sec. 3947.102. IMPROVEMENT PROJECTS.

Sec. 3947.103. WATER DISTRICT POWERS.

Sec. 3947.104. AUTHORITY FOR ROAD PROJECTS.

Sec. 3947.105. ROAD STANDARDS AND REQUIREMENTS.

Sec. 3947.106. NO TOLL ROADS.

Sec. 3947.107. PUBLIC IMPROVEMENT DISTRICT POWERS.

Sec. 3947.108. CONTRACT POWERS.

Sec. 3947.109. AD VALOREM TAXATION.

Sec. 3947.110. LIMITATIONS ON EMERGENCY SERVICES POWERS.

Sec. 3947.111. ADDING OR REMOVING TERRITORY.

Sec. 3947.112. 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 area described by Section 2 of the Act enacting this chapter.

(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) The board may adopt an order dividing the district before or after the date the board holds an election under Section 3947.007 to confirm the creation of the district.

(f) 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 initial directors for each new district; and

(4) provide for the division of assets and liabilities between or among the new districts.

(g) 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 commission and record the order in the real property records of each county in which the district is located.

(h) Any new district created by the division of the district shall hold a confirmation and directors' election as required by Section 3947.007.

(i) Municipal consent to the creation of the district and to the inclusion of land in the district granted under Section 3947.010 acts as municipal consent to the creation of any new district created by the division of the district and to the inclusion of land in the new district.

(j) 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.

(k) If the creation of the new district is confirmed, the new district shall provide the election date and results to the commission.

Sec. 3947.112. ENFORCEMENT OF REAL PROPERTY RESTRICTIONS.

Sec. 3947.113. ENFORCEMENT OF REAL PROPERTY RESTRICTIONS.

Sec. 3947.114. PROPERTY OF CERTAIN UTILITIES EXEMPT FROM ASSESSMENTS AND FEES. The district may not impose an assessment, impact fee, or standby fee on the property, including the equipment, rights-of-way, easements, facilities, or improvements, of:

(1) an electric utility or a power generation company as defined by Section 31.002, Utilities Code;

(2) a gas utility, as defined by Section 101.003 or 121.001, Utilities Code, or a person who owns pipelines used for the transportation or sale of oil or gas or a product or constituent of oil or gas;

(3) a person who owns pipelines used for the transportation or sale of carbon dioxide;

(4) a telecommunications provider as

defined by Section 51.002, Utilities Code;
or
(5) a cable service provider or video service
provider as defined by Section 66.002,
Utilities Code.

Sec. 3947.113. NO EMINENT DOMAIN
POWER.

Sec. 3947.115. NO EMINENT DOMAIN
POWER.

SUBCHAPTER C-1. IMPROVEMENT
PROJECTS AND SERVICES

SUBCHAPTER D. IMPROVEMENT
PROJECTS AND SERVICES

SUBCHAPTER D. DIVISION OF
DISTRICT INTO MULTIPLE DISTRICTS

(See Sec. 3947.112 above.)

Sec. 3947.201. DIVISION OF DISTRICT;
PREREQUISITES. (a) Subject to
Subsection (b), the district, including
territory added to the district under Section
3947.111, may be divided into two or more
new districts only if the district has no
outstanding bonded debt. Territory
previously added to the district under
Section 3947.111 may be included in a new
district.

(b) If the board adds territory inside the
corporate boundaries or the extraterritorial
jurisdiction of the city or any other
municipality to the district under Section
3947.111, the district may be divided under
Subsection (a) only with the consent by
ordinance or resolution of the city and any
other municipality whose territory or
extraterritorial jurisdiction is included in the
district.

Sec. 3947.202. LAW APPLICABLE TO
NEW DISTRICT. This chapter applies to
any new district created by division of the
district, and a new district has all the powers
and duties of the district.

Sec. 3947.203. DIVISION PROCEDURES.
(a) The board, on its own motion or on
receipt of a petition signed by an owner of
real property in the district, may adopt an
order proposing to divide the district.

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

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

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

(3) appoint initial directors for each new
district.

Sec. 3947.204. NOTICE AND

RECORDING OF ORDER. Not later than the 30th day after the date of an order dividing the district, the district shall:

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

Sec. 3947.205. CONTRACT AUTHORITY OF NEW DISTRICTS. The new districts may contract with each other for any matter the boards of the new districts consider appropriate, including the joint construction or financing of an improvement project and the joint financing of a maintenance obligation.

SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

Sec. 3947.251. DISBURSEMENTS AND TRANSFERS OF MONEY.

Sec. 3947.252. MONEY USED FOR IMPROVEMENTS OR SERVICES.

Sec. 3947.253. BORROWING MONEY; OBLIGATIONS. (a) The district may borrow money for a district purpose, including the acquisition or construction of improvement projects authorized by this chapter and the reimbursement of a person who develops or owns an improvement project authorized by this chapter, by issuing bonds, notes, time warrants, or other obligations, or by entering into a contract or other agreement payable wholly or partly from an assessment, a contract payment, a grant, revenue from a zone created under Chapter 311 or 312, Tax Code, other district revenue, or a combination of these sources. (b) An obligation described by Subsection (a):
(1) may bear interest at a rate determined by the board; and
(2) may include a term or condition as determined by the board.
(c) The board may issue an obligation under this section without an election.

SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

Sec. 3947.201. DISBURSEMENTS AND TRANSFERS OF MONEY.

Sec. 3947.202. MONEY USED FOR IMPROVEMENTS OR SERVICES.

Sec. 3947.203. BORROWING MONEY; OBLIGATIONS. (a) The district may borrow money for a district purpose, including the acquisition or construction of improvement projects authorized by this chapter and the reimbursement of a person who develops or owns an improvement project authorized by this chapter, by issuing bonds, notes, time warrants, or other obligations, or by entering into a contract or other agreement payable wholly or partly from an assessment, a contract payment, a grant, revenue from a zone created under Chapter 311 or 312, Tax Code, other district revenue, or a combination of these sources. (b) An obligation described by Subsection (a):
(1) may bear interest at a rate determined by the board; and
(2) may include a term or condition as determined by the board.
(c) The board may issue an obligation under this section without an election.
(d) The district may issue, by public or private sale, bonds, notes, or other obligations payable wholly or partly from assessments in the manner provided by Subchapter J, Chapter 375, Local Government Code.
(e) If the improvements financed by an obligation will be conveyed to or operated

and maintained by a municipality or retail utility provider pursuant to an agreement between the district and the municipality or retail utility provider entered into before the issuance of the obligation, the obligation may be issued in the manner provided by Subchapter A, Chapter 372, Local Government Code.

Sec. 3947.254. ASSESSMENTS.

Sec. 3947.255. RESIDENTIAL PROPERTY NOT EXEMPT.

Sec. 3947.256. COLLECTION OF ASSESSMENTS.

Sec. 3947.257. RATES, FEES, AND CHARGES.

SUBCHAPTER F. DISSOLUTION

SUBCHAPTER Z. SPECIAL BOND PROVISIONS

Sec. 3947.901. APPLICABILITY. This subchapter applies only to bonds payable wholly or partly from revenue derived from assessments on real property in the district.

Sec. 3947.902. CONFLICT OF LAWS. In the event of a conflict between this subchapter and any other law, this subchapter prevails.

Sec. 3947.903. 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 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. 3947.904. REQUIREMENTS FOR ADVERTISING BOND ISSUE. A district may not advertise for an issuance of bonds

Sec. 3947.204. ASSESSMENTS.

Sec. 3947.205. RESIDENTIAL PROPERTY NOT EXEMPT.

Sec. 3947.206. COLLECTION OF ASSESSMENTS.

Sec. 3947.207. RATES, FEES, AND CHARGES.

SUBCHAPTER F. DISSOLUTION

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. 3947.905. REQUIREMENTS FOR BOND ISSUE. The district may not issue bonds until:

(1) the district submits to the commission:

(A) an engineer's report describing the project for which the bonds will provide funding, including data, profiles, maps, plans, and specifications related to the project; and

(B) a cash flow analysis to determine the projected rate of assessment, which includes the following assumptions:

(i) each ending balance for debt service in the analysis is not less than 25 percent of the following year's debt service requirement;

(ii) interest income is only shown on the ending balance for debt service for the first two years; and

(iii) the projected rate of assessment is level or decreasing for the life of the bonds issued by the district;

(2) the completion of at least 75 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; and

(3) the district has obtained an independent market study from a firm recognized in the area of real estate market analysis supporting the development projects for the real property that is liable for district assessments and necessary to support the district bonds.

Sec. 3947.906. 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 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

SECTION 2. Same as engrossed version.

SECTION 3. Same as engrossed version.

SECTION 4. Same as engrossed version.

III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.