

1-1 By: Creighton S.B. No. 2014
 1-2 (In the Senate - Filed March 10, 2017; March 27, 2017, read
 1-3 first time and referred to Committee on Intergovernmental
 1-4 Relations; May 3, 2017, reported favorably by the following vote:
 1-5 Yeas 4, Nays 0, 1 present not voting; May 3, 2017, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Lucio	X			
1-8 Bettencourt			X	
1-9 Campbell			X	
1-10 Garcia	X			
1-11 Huffines				X
1-12 Menéndez	X			
1-13 Taylor of Collin	X			

1-15 A BILL TO BE ENTITLED
 1-16 AN ACT

1-17 relating to consent of municipalities in the creation of municipal
 1-18 utility districts.

1-19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-20 SECTION 1. Sections 54.016(a) and (f), Water Code, are
 1-21 amended to read as follows:

1-22 (a) No land within the corporate limits of a city or within
 1-23 the extraterritorial jurisdiction of a city, shall be included in a
 1-24 district unless the city grants its written consent, by resolution
 1-25 or ordinance, to the inclusion of the land within the district in
 1-26 accordance with Section 42.042, Local Government Code, and this
 1-27 section. The request to a city for its written consent to the
 1-28 creation of a district, shall be signed by a majority in value of
 1-29 the holders of title of the land within the proposed district as
 1-30 indicated by the county tax rolls or, if there are more than 50
 1-31 persons holding title to the land in the proposed district as
 1-32 indicated by the county tax rolls, the request to the city will be
 1-33 sufficient if it is signed by 50 holders of title to the land in the
 1-34 district. A petition for the written consent of a city to the
 1-35 inclusion of land within a district shall describe the boundaries
 1-36 of the land to be included in the district by metes and bounds or by
 1-37 lot and block number, if there is a recorded map or plat and survey
 1-38 of the area, and state the general nature of the work proposed to be
 1-39 done, the necessity for the work, and the cost of the project as
 1-40 then estimated by those filing the petition. If, at the time a
 1-41 petition is filed with a city for creation of a district, the
 1-42 district proposes to connect to a city's water or sewer system or
 1-43 proposes to contract with a regional water and wastewater provider
 1-44 which has been designated as such by the commission as of the date
 1-45 such petition is filed, to which the city has made a capital
 1-46 contribution for the water and wastewater facilities serving the
 1-47 area, the proposed district shall be designated as a "city service
 1-48 district." If such proposed district does not meet the criteria for
 1-49 a city service district at the time the petition seeking creation is
 1-50 filed, such district shall be designated as a "noncity service
 1-51 district." The city's consent shall not place any restrictions or
 1-52 conditions on the creation of a noncity service district as defined
 1-53 by this chapter [~~Chapter 54 of the Texas Water Code~~] other than
 1-54 those expressly provided in Subsection (e) of this section and
 1-55 shall specifically not limit the amounts of the district's bonds. A
 1-56 city may not require annexation as a consent to creation of any
 1-57 district. A city shall not refuse to approve a district bond issue
 1-58 for any reason except that the district is not in compliance with
 1-59 valid consent requirements applicable to the district. If a city
 1-60 grants its written consent without the concurrence of the applicant
 1-61 to the creation of a noncity service district containing conditions

2-1 or restrictions that the petitioning land owner or owners
2-2 reasonably believe exceed the city's powers, such land owner or
2-3 owners may petition the commission to create the district and to
2-4 modify the conditions and restrictions of the city's consent. The
2-5 commission may declare any provision of the consent to be null and
2-6 void. The commission may approve the creation of a district that
2-7 includes any portion of the land covered by the city's consent to
2-8 creation of the district. The legislature may create and may
2-9 validate the creation of a district that includes any portion of the
2-10 land covered by the city's consent to the creation of the district.

2-11 (f) A city may provide in its written consent for the
2-12 inclusion of land in a district that is initially located wholly or
2-13 partly outside the corporate limits of the city that a contract
2-14 ("allocation agreement") between the district and the city be
2-15 entered into prior to the first issue of bonds, notes, warrants, or
2-16 other obligations of the district. The allocation agreement shall
2-17 contain the following provisions:

2-18 (1) a method by which the district shall continue to
2-19 exist following the annexation of all territory within the district
2-20 by the city, if the district is [~~initially~~] located outside the
2-21 corporate limits of the city at the time the creation of the
2-22 district is approved by the district's voters;

2-23 (2) an allocation of the taxes or revenues of the
2-24 district or the city which will assure that, following the date of
2-25 the inclusion of all the district's territory within the corporate
2-26 limits of the city, the total annual ad valorem taxes collected by
2-27 the city and the district from taxable property within the district
2-28 does not exceed an amount greater than the city's ad valorem tax
2-29 upon such property;

2-30 (3) an allocation of governmental services to be
2-31 provided by the city or the district following the date of the
2-32 inclusion of all of the district's territory within the corporate
2-33 limits of the city; and

2-34 (4) such other terms and conditions as may be deemed
2-35 appropriate by the city.

2-36 SECTION 2. The change in law made to Section 54.016(f),
2-37 Water Code, as amended by this Act, applies only to an agreement
2-38 entered into on or after the effective date of this Act. An
2-39 agreement entered into before the effective date of this Act is
2-40 governed by the law in effect on the date the agreement was entered
2-41 into, and the former law is continued in effect for that purpose.

2-42 SECTION 3. This Act takes effect September 1, 2017.

2-43 * * * * *