

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Stucky

H.B. No. 2565

A BILL TO BE ENTITLED

AN ACT

relating to the powers and duties of the Big Sky Municipal Utility District of Denton County; providing authority to issue bonds and impose fees and taxes.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

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

CHAPTER 7973. BIG SKY MUNICIPAL UTILITY DISTRICT OF DENTON COUNTY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 7973.001. DEFINITION. In this chapter, "district" means the Big Sky Municipal Utility District of Denton County.

Sec. 7973.002. NATURE AND PURPOSES OF DISTRICT. (a) The district is a municipal utility district created under Section 59, Article XVI, Texas Constitution.

(b) The district is created to accomplish the purposes of:

(1) a municipal utility district as provided by general law and Section 59, Article XVI, Texas Constitution; and

(2) Section 52, Article III, Texas Constitution, that relate to the construction, acquisition, improvement, operation, or maintenance of macadamized, graveled, or paved roads, or improvements, including storm drainage, in aid of those roads.

SUBCHAPTER B. POWERS AND DUTIES

Sec. 7973.051. GENERAL POWERS AND DUTIES. The district has the powers and duties necessary to accomplish the purposes for

1 which the district is created.

2 Sec. 7973.052. MUNICIPAL UTILITY DISTRICT POWERS AND  
3 DUTIES. The district has the powers and duties provided by the  
4 general law of this state, including Chapters 49 and 54, Water Code,  
5 applicable to municipal utility districts created under Section 59,  
6 Article XVI, Texas Constitution.

7 Sec. 7973.053. AUTHORITY FOR ROAD PROJECTS. Under Section  
8 52, Article III, Texas Constitution, the district may design,  
9 acquire, construct, finance, issue bonds for, improve, operate,  
10 maintain, and convey to this state, a county, or a municipality for  
11 operation and maintenance macadamized, graveled, or paved roads, or  
12 improvements, including storm drainage, in aid of those roads.

13 Sec. 7973.054. ROAD STANDARDS AND REQUIREMENTS. (a) A road  
14 project must meet all applicable construction standards and  
15 regulations of each municipality in whose corporate limits or  
16 extraterritorial jurisdiction the road project is located.

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

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

24 Sec. 7973.055. FIREFIGHTING SERVICES. Notwithstanding  
25 Section 49.351(a), Water Code, the district may, as authorized by  
26 Section 59(f), Article XVI, Texas Constitution, and Section 49.351,  
27 Water Code:

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

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

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

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

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

17           SUBCHAPTER C. BONDS AND OTHER OBLIGATIONS

18           Sec. 7973.101. AUTHORITY TO ISSUE BONDS AND OTHER  
19 OBLIGATIONS FOR ROAD PROJECTS. (a) In addition to the district's  
20 authority to issue bonds for other purposes, the district may issue  
21 bonds or other obligations payable wholly or partly from ad valorem  
22 taxes, revenue, contract payments, grants, or other district money,  
23 or any combination of those sources, to pay for a road project  
24 authorized by Section 7973.053.

25           (b) The district may not issue bonds payable from ad valorem  
26 taxes to finance a road project unless the issuance is approved by a  
27 vote of a two-thirds majority of the district voters voting at an

1 election held for that purpose.

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

7 Sec. 7973.102. TAXES FOR BONDS. At the time the district  
8 issues bonds payable wholly or partly from ad valorem taxes, the  
9 district shall provide for the annual imposition of a continuing  
10 direct ad valorem tax, without limit as to rate or amount, while all  
11 or part of the bonds are outstanding.

12 SECTION 2. The Big Sky Municipal Utility District of Denton  
13 County retains all rights, powers, privileges, authority, duties,  
14 and functions that it had before the effective date of this Act.

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

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

25 (c) The Texas Commission on Environmental Quality has filed  
26 its recommendations relating to this Act with the governor, the  
27 lieutenant governor, and the speaker of the house of

1 representatives within the required time.

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

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

ADOPTED

MAY 23 2017

*Lately Spaw*  
Secretary of the Senate

FLOOR AMENDMENT NO. \_\_\_\_\_

BY: \_\_\_\_\_

*Craig Estes*

1 Amend H.B. No. 2565 (senate committee printing) by striking  
2 all below the enacting clause and substituting the following:

3 ARTICLE 1. POWERS AND DUTIES OF THE BIG SKY MUNICIPAL UTILITY  
4 DISTRICT OF DENTON COUNTY

5 SECTION 1.01. Subtitle F, Title 6, Special District Local  
6 Laws Code, is amended by adding Chapter 7973 to read as follows:

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

8 SUBCHAPTER A. GENERAL PROVISIONS

9 Sec. 7973.001. DEFINITION. In this chapter, "district"  
10 means the Big Sky Municipal Utility District of Denton County.

11 Sec. 7973.002. NATURE AND PURPOSES OF DISTRICT. (a) The  
12 district is a municipal utility district created under Section 59,  
13 Article XVI, Texas Constitution.

14 (b) The district is created to accomplish the purposes of:

15 (1) a municipal utility district as provided by  
16 general law and Section 59, Article XVI, Texas Constitution; and

17 (2) Section 52, Article III, Texas Constitution, that  
18 relate to the construction, acquisition, improvement, operation,  
19 or maintenance of macadamized, graveled, or paved roads, or  
20 improvements, including storm drainage, in aid of those roads.

21 SUBCHAPTER B. POWERS AND DUTIES

22 Sec. 7973.051. GENERAL POWERS AND DUTIES. The district has  
23 the powers and duties necessary to accomplish the purposes for  
24 which the district is created.

25 Sec. 7973.052. MUNICIPAL UTILITY DISTRICT POWERS AND  
26 DUTIES. The district has the powers and duties provided by the  
27 general law of this state, including Chapters 49 and 54, Water Code,  
28 applicable to municipal utility districts created under Section 59,  
29 Article XVI, Texas Constitution.

1           Sec. 7973.053. AUTHORITY FOR ROAD PROJECTS. Under Section  
2 52, Article III, Texas Constitution, the district may design,  
3 acquire, construct, finance, issue bonds for, improve, operate,  
4 maintain, and convey to this state, a county, or a municipality for  
5 operation and maintenance macadamized, graveled, or paved roads, or  
6 improvements, including storm drainage, in aid of those roads.

7           Sec. 7973.054. ROAD STANDARDS AND REQUIREMENTS. (a) A road  
8 project must meet all applicable construction standards and  
9 regulations of each municipality in whose corporate limits or  
10 extraterritorial jurisdiction the road project is located.

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

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

18           Sec. 7973.055. FIREFIGHTING SERVICES. Notwithstanding  
19 Section 49.351(a), Water Code, the district may, as authorized by  
20 Section 59(f), Article XVI, Texas Constitution, and Section 49.351,  
21 Water Code:

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

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

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

29           Sec. 7973.056. FEES AND CHARGES. (a) The district may  
30 adopt and enforce all necessary charges, mandatory fees, or  
31 rentals, in addition to taxes, for providing or making available

1 any district facility or service, including firefighting  
2 activities provided under Section 7973.055.

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

7 SUBCHAPTER C. BONDS AND OTHER OBLIGATIONS

8 Sec. 7973.101. AUTHORITY TO ISSUE BONDS AND OTHER  
9 OBLIGATIONS FOR ROAD PROJECTS. (a) In addition to the district's  
10 authority to issue bonds for other purposes, the district may issue  
11 bonds or other obligations payable wholly or partly from ad valorem  
12 taxes, revenue, contract payments, grants, or other district money,  
13 or any combination of those sources, to pay for a road project  
14 authorized by Section 7973.053.

15 (b) The district may not issue bonds payable from ad valorem  
16 taxes to finance a road project unless the issuance is approved by a  
17 vote of a two-thirds majority of the district voters voting at an  
18 election held for that purpose.

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

24 Sec. 7973.102. TAXES FOR BONDS. At the time the district  
25 issues bonds payable wholly or partly from ad valorem taxes, the  
26 district shall provide for the annual imposition of a continuing  
27 direct ad valorem tax, without limit as to rate or amount, while all  
28 or part of the bonds are outstanding.

29 SECTION 1.02. The Big Sky Municipal Utility District of  
30 Denton County retains all rights, powers, privileges, authority,  
31 duties, and functions that it had before the effective date of this



1 article of this Act.

2 SECTION 1.03. (a) The legal notice of the intention to  
3 introduce a bill relating to the powers and duties of the Big Sky  
4 Municipal Utility District, setting forth the general substance of  
5 this article of this Act, has been published as provided by law, and  
6 the notice and a copy of a bill relating to the powers and duties of  
7 the Big Sky Municipal Utility District have been furnished to all  
8 persons, agencies, officials, or entities to which they are  
9 required to be furnished under Section 59, Article XVI, Texas  
10 Constitution, and Chapter 313, Government Code.

11 (b) The governor, one of the required recipients, has  
12 submitted the notice and a bill relating to the powers and duties of  
13 the Big Sky Municipal Utility District to the Texas Commission on  
14 Environmental Quality.

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

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

23 ARTICLE 2. POWERS AND DUTIES OF THE SMILEY ROAD WATER CONTROL AND  
24 IMPROVEMENT DISTRICT

25 SECTION 2.01. Section 9001.104, Special District Local Laws  
26 Code, is amended to read as follows:

27 Sec. 9001.104. [~~PROHIBITION ON~~] DIVISION OF DISTRICT. (a)  
28 The district may be divided into two or more districts only if the  
29 district:

30 (1) has no outstanding bonded debt; and

31 (2) is not imposing ad valorem taxes.

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

4           (c) A new district created by the division of the district  
5 may not, at the time the new district is created, contain any land  
6 outside the area described by Section 9001.004.

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

11           (e) An order dividing the district shall:

12                   (1) name each new district;

13                   (2) include the metes and bounds of each new district;

14                   (3) appoint temporary directors for each new district;

15 and

16                   (4) provide for the division of assets and liabilities  
17 between the district and each new district.

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

23           (g) A new district may be created by the division of the  
24 district only if approved by the voters of the new district in a  
25 confirmation and directors' election held for that purpose.

26           (h) If the district is located wholly or partly in the  
27 corporate limits or the extraterritorial jurisdiction of a  
28 municipality, the district may not divide under this section unless  
29 the municipality by resolution or ordinance consents to the  
30 division of the district.

31           (i) Any new district created by the division of the district

1 must hold an election to obtain voter approval before the district  
2 may impose a maintenance tax or issue bonds payable wholly or partly  
3 from ad valorem taxes. [~~The district may not divide into two or~~  
4 ~~more districts in the manner specified by Section 51.748 or 53.029,~~  
5 ~~Water Code.~~]

6 SECTION 2.02. (a) The following are validated and  
7 confirmed in all respects:

8 (1) the creation of the Smiley Road Water Control and  
9 Improvement District; and

10 (2) any act or proceeding of the district, including  
11 an election, not excepted by this section and taken not more than  
12 three years before the effective date of this Act, effective as of  
13 the date on which the act or proceeding occurred.

14 (b) This section does not apply to:

15 (1) an act, proceeding, director, other official,  
16 bond, or other obligation the validity of which or of whom is the  
17 subject of litigation that is pending on the effective date of this  
18 Act; or

19 (2) an act or proceeding that, under a statute of this  
20 state or the United States, was a misdemeanor or felony at the time  
21 the act or proceeding occurred.

22 ARTICLE 3. EFFECTIVE DATE

23 SECTION 3.01. This Act takes effect immediately if it  
24 receives a vote of two-thirds of all the members elected to each  
25 house, as provided by Section 39, Article III, Texas Constitution.  
26 If this Act does not receive the vote necessary for immediate  
27 effect, this Act takes effect September 1, 2017.

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**May 23, 2017**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2565** by Stucky (Relating to the powers and duties of the Big Sky Municipal Utility District of Denton County; providing authority to issue bonds and impose fees and taxes.), **As Passed 2nd House**

**No fiscal implication to the State is anticipated.**

The bill would amend the Special District Local Laws Code establishing the Big Sky Municipal Utility District of Denton County. The district would have authority for road projects. The district would have authority to adopt and enforce necessary fees and charges. The district would have authority to issue bonds.

The bill would take effect immediately if the bill receives a two-third vote in each house; otherwise, the bill would take effect September 1, 2017.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:**

**LBB Staff:** UP, JGA, GG, BM

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**May 11, 2017**

**TO:** Honorable Eddie Lucio, Jr., Chair, Senate Committee on Intergovernmental Relations

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2565** by Stucky (Relating to the powers and duties of the Big Sky Municipal Utility District of Denton County; providing authority to issue bonds and impose fees and taxes.), **As Engrossed**

<p><b>No fiscal implication to the State is anticipated.</b></p>
--

The bill would amend the Special District Local Laws Code establishing the Big Sky Municipal Utility District of Denton County. The district would have authority for road projects. The district would have authority to adopt and enforce necessary fees and charges. The district would have authority to issue bonds.

The bill would take effect immediately if the bill receives a two-third vote in each house; otherwise, the bill would take effect September 1, 2017.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:**

**LBB Staff:** UP, JGA, GG, BM

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 11, 2017**

**TO:** Honorable Jim Murphy, Chair, House Committee on Special Purpose Districts

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2565** by Stucky (Relating to the powers and duties of the Big Sky Municipal Utility District of Denton County; providing authority to issue bonds and impose fees and taxes.), **As Introduced**

**No fiscal implication to the State is anticipated.**

The bill would amend the Special District Local Laws Code establishing the Big Sky Municipal Utility District of Denton County. The district would have authority for road projects. The district would have authority to adopt and enforce necessary fees and charges. The district would have authority to issue bonds.

The bill would take effect immediately if the bill receives a two-third vote in each house; otherwise, the bill would take effect September 1, 2017.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:**

**LBB Staff:** UP, JGA, GG, BM

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**WATER DEVELOPMENT POLICY IMPACT STATEMENT**

**85TH LEGISLATIVE REGULAR SESSION**

**May 14, 2017**

**TO:** Honorable Eddie Lucio, Jr., Chair, Senate Committee on Intergovernmental Relations

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2565** by Stucky (Relating to the powers and duties of the Big Sky Municipal Utility District of Denton County; providing authority to issue bonds and impose fees and taxes.), **As Engrossed**

The Legislative Budget Board, in cooperation with the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ) has determined that:

No Water Development Policy Impact Statement will be prepared for this bill under the provisions of Texas Constitution, Article 16, Section 59(d) as this bill does not create a conservation and reclamation district.

**Source Agencies:** 580 Water Development Board, 582 Commission on Environmental Quality

**LBB Staff:** UP, SZ

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**WATER DEVELOPMENT POLICY IMPACT STATEMENT**

**85TH LEGISLATIVE REGULAR SESSION**

**April 11, 2017**

**TO:** Honorable Jim Murphy, Chair, House Committee on Special Purpose Districts

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2565** by Stucky (Relating to the powers and duties of the Big Sky Municipal Utility District of Denton County; providing authority to issue bonds and impose fees and taxes.), **As Introduced**

The Legislative Budget Board, in cooperation with the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ) has determined that:

No Water Development Policy Impact Statement will be prepared for this bill under the provisions of Texas Constitution, Article 16, Section 59(d) as this bill does not create a conservation and reclamation district.

**Source Agencies:** 582 Commission on Environmental Quality, 580 Water Development Board

**LBB Staff:** UP, SZ