

By: Metcalf

H.B. No. 3374

A BILL TO BE ENTITLED

AN ACT

relating to the powers and duties of the Cleveland Municipal Utility District No. 1 of Montgomery County, Texas; providing authority to issue bonds; providing authority to impose a tax.

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 8073 to read as follows:

CHAPTER 8073. CLEVELAND MUNICIPAL UTILITY DISTRICT NO. 1 OF MONTGOMERY COUNTY, TEXAS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8073.0101. DEFINITIONS. In this chapter:

(1) "Board" means the district's board of directors.

(2) "District" means the Cleveland Municipal Utility District No. 1 of Montgomery County, Texas.

Sec. 8073.0102. 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.

1       Sec. 8073.0103. ELIGIBILITY FOR INCLUSION IN TAX INCREMENT  
2 REINVESTMENT ZONE. (a) All or part of the district is eligible to  
3 be included in a tax increment reinvestment zone created under  
4 Chapter 311, Tax Code.

5       (b) If the City of Cleveland has created or creates a tax  
6 increment reinvestment zone described by Subsection (a) that  
7 includes all or part of the territory of the district, the City of  
8 Cleveland and the board of directors of the zone, by contract with  
9 the district, may grant money to the district from the tax increment  
10 fund to be used for a permissible purpose of the district, including  
11 the right to pledge the money as security for a bond or other  
12 obligation issued by the district.

13                   SUBCHAPTER B. POWERS AND DUTIES

14       Sec. 8073.0201. GENERAL POWERS AND DUTIES. The district  
15 has the powers and duties necessary to accomplish the purposes for  
16 which the district is created.

17       Sec. 8073.0202. MUNICIPAL UTILITY DISTRICT POWERS AND  
18 DUTIES. The district has the powers and duties provided by the  
19 general law of this state, including Chapters 49 and 54, Water Code,  
20 applicable to municipal utility districts created under Section 59,  
21 Article XVI, Texas Constitution.

22       Sec. 8073.0203. AUTHORITY FOR ROAD PROJECTS. Under Section  
23 52, Article III, Texas Constitution, the district may design,  
24 acquire, construct, finance, issue bonds for, improve, operate,  
25 maintain, and convey to this state, a county, or a municipality for  
26 operation and maintenance macadamized, graveled, or paved roads, or  
27 improvements, including storm drainage, in aid of those roads.

1       Sec. 8073.0204. ROAD STANDARDS AND REQUIREMENTS. (a) A  
2 road project must meet all applicable construction standards,  
3 zoning and subdivision requirements, and regulations of each  
4 municipality in whose corporate limits or extraterritorial  
5 jurisdiction the road project is located.

6       (b) If a road project is not located in the corporate limits  
7 or extraterritorial jurisdiction of a municipality, the road  
8 project must meet all applicable construction standards,  
9 subdivision requirements, and regulations of each county in which  
10 the road project is located.

11       (c) If the state will maintain and operate the road, the  
12 Texas Transportation Commission must approve the plans and  
13 specifications of the road project.

14       Sec. 8073.0205. DIVISION OF DISTRICT. (a) The district may  
15 be divided into two or more new districts only if the district:

16               (1) has no outstanding bonded debt; and

17               (2) is not imposing ad valorem taxes.

18       (b) This chapter applies to any new district created by the  
19 division of the district, and a new district has all the powers and  
20 duties of the district.

21       (c) Any new district created by the division of the district  
22 may, at the time the new district is created, contain only:

23               (1) land within the initial boundaries of the  
24 district; or

25               (2) land adjacent to the initial boundaries of the  
26 district if that adjacent land is:

27                       (A) not within the extraterritorial jurisdiction

1 of a city; or

2 (B) within the extraterritorial jurisdiction of  
3 a city and that adjacent land has been approved for inclusion in the  
4 district under a consent ordinance or resolution adopted by the  
5 city.

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

10 (e) An order dividing the district must:

11 (1) name each new district;

12 (2) include the metes and bounds description of the  
13 territory 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 or among the new districts.

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) Any new district created by the division of the district  
24 shall hold a confirmation and directors' election as required by  
25 Section 49.102, Water Code.

26 (h) Except as provided by Subsection (c), municipal consent  
27 by a city is not required for the creation of any new district

1 created under this section.

2 (i) Any new district created by the division of the district  
3 must hold an election as required by this chapter to obtain voter  
4 approval before the district may impose a maintenance tax or issue  
5 bonds payable wholly or partly from ad valorem taxes.

6 (j) If the voters of a new district do not confirm the  
7 creation of the new district, the assets, obligations, territory,  
8 and governance of the new district revert to that of the original  
9 district.

10 SUBCHAPTER C. BONDS AND OTHER OBLIGATIONS

11 Sec. 8073.0301. AUTHORITY TO ISSUE BONDS AND OTHER  
12 OBLIGATIONS FOR ROAD PROJECTS. (a) The district may issue bonds or  
13 other obligations payable wholly or partly from ad valorem taxes,  
14 impact fees, revenue, contract payments, grants, revenue from a tax  
15 increment reinvestment zone created under Chapter 311, Tax Code,  
16 other district money, or any combination of those sources to pay for  
17 a road project authorized by Section 8073.0203.

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

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

27 Sec. 8073.0302. TAXES FOR BONDS. At the time the district

1 issues bonds payable wholly or partly from ad valorem taxes, the  
2 board shall provide for the annual imposition of a continuing  
3 direct ad valorem tax, without limit as to rate or amount, while all  
4 or part of the bonds are outstanding as required and in the manner  
5 provided by Sections 54.601 and 54.602, Water Code.

6 SECTION 2. The Cleveland Municipal Utility District No. 1  
7 of Montgomery County, Texas, retains all the rights, powers,  
8 privileges, authority, duties, and functions that it had before the  
9 effective date of this Act.

10 SECTION 3. (a) The legislature validates and confirms all  
11 governmental acts and proceedings of the Cleveland Municipal  
12 Utility District No. 1 of Montgomery County, Texas, that were taken  
13 before the effective date of this Act.

14 (b) This section does not apply to any matter that on the  
15 effective date of this Act:

16 (1) is involved in litigation if the litigation  
17 ultimately results in the matter being held invalid by a final court  
18 judgment; or

19 (2) has been held invalid by a final court judgment.

20 SECTION 4. (a) The legal notice of the intention to  
21 introduce this Act, setting forth the general substance of this  
22 Act, has been published as provided by law, and the notice and a  
23 copy of this Act have been furnished to all persons, agencies,  
24 officials, or entities to which they are required to be furnished  
25 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
26 Government Code.

27 (b) The governor, one of the required recipients, has

1 submitted the notice and Act to the Texas Commission on  
2 Environmental Quality.

3 (c) The Texas Commission on Environmental Quality has filed  
4 its recommendations relating to this Act with the governor, the  
5 lieutenant governor, and the speaker of the house of  
6 representatives within the required time.

7 (d) All requirements of the constitution and laws of this  
8 state and the rules and procedures of the legislature with respect  
9 to the notice, introduction, and passage of this Act are fulfilled  
10 and accomplished.

11 SECTION 5. This Act takes effect immediately if it receives  
12 a vote of two-thirds of all the members elected to each house, as  
13 provided by Section 39, Article III, Texas Constitution. If this  
14 Act does not receive the vote necessary for immediate effect, this  
15 Act takes effect September 1, 2019.