

1-1 By: Metcalf (Senate Sponsor - Creighton) H.B. No. 3374
 1-2 (In the Senate - Received from the House April 29, 2019;
 1-3 April 30, 2019, read first time and referred to Committee on
 1-4 Intergovernmental Relations; May 17, 2019, reported favorably by
 1-5 the following vote: Yeas 7, Nays 0; May 17, 2019, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7	X			
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			

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

1-17 relating to the powers and duties of the Cleveland Municipal
 1-18 Utility District No. 1 of Montgomery County, Texas; providing
 1-19 authority to issue bonds; providing authority to impose a tax.

1-20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-21 SECTION 1. Subtitle F, Title 6, Special District Local Laws
 1-22 Code, is amended by adding Chapter 8073 to read as follows:

1-23 CHAPTER 8073. CLEVELAND MUNICIPAL UTILITY DISTRICT NO. 1 OF
 1-24 MONTGOMERY COUNTY, TEXAS

1-25 SUBCHAPTER A. GENERAL PROVISIONS

1-26 Sec. 8073.0101. DEFINITIONS. In this chapter:

1-27 (1) "Board" means the district's board of directors.

1-28 (2) "District" means the Cleveland Municipal Utility
 1-29 District No. 1 of Montgomery County, Texas.

1-30 Sec. 8073.0102. NATURE AND PURPOSES OF DISTRICT. (a) The
 1-31 district is a municipal utility district created under Section 59,
 1-32 Article XVI, Texas Constitution.

1-33 (b) The district is created to accomplish the purposes of:

1-34 (1) a municipal utility district as provided by
 1-35 general law and Section 59, Article XVI, Texas Constitution; and

1-36 (2) Section 52, Article III, Texas Constitution, that
 1-37 relate to the construction, acquisition, improvement, operation,
 1-38 or maintenance of macadamized, graveled, or paved roads, or
 1-39 improvements, including storm drainage, in aid of those roads.

1-40 Sec. 8073.0103. ELIGIBILITY FOR INCLUSION IN TAX INCREMENT
 1-41 REINVESTMENT ZONE. (a) All or part of the district is eligible to
 1-42 be included in a tax increment reinvestment zone created under
 1-43 Chapter 311, Tax Code.

1-44 (b) If the City of Cleveland has created or creates a tax
 1-45 increment reinvestment zone described by Subsection (a) that
 1-46 includes all or part of the territory of the district, the City of
 1-47 Cleveland and the board of directors of the zone, by contract with
 1-48 the district, may grant money to the district from the tax increment
 1-49 fund to be used for a permissible purpose of the district, including
 1-50 the right to pledge the money as security for a bond or other
 1-51 obligation issued by the district.

1-52 SUBCHAPTER B. POWERS AND DUTIES

1-53 Sec. 8073.0201. GENERAL POWERS AND DUTIES. The district
 1-54 has the powers and duties necessary to accomplish the purposes for
 1-55 which the district is created.

1-56 Sec. 8073.0202. MUNICIPAL UTILITY DISTRICT POWERS AND
 1-57 DUTIES. The district has the powers and duties provided by the
 1-58 general law of this state, including Chapters 49 and 54, Water Code,
 1-59 applicable to municipal utility districts created under Section 59,
 1-60 Article XVI, Texas Constitution.

2-1 Sec. 8073.0203. AUTHORITY FOR ROAD PROJECTS. Under Section
 2-2 52, Article III, Texas Constitution, the district may design,
 2-3 acquire, construct, finance, issue bonds for, improve, operate,
 2-4 maintain, and convey to this state, a county, or a municipality for
 2-5 operation and maintenance macadamized, graveled, or paved roads, or
 2-6 improvements, including storm drainage, in aid of those roads.

2-7 Sec. 8073.0204. ROAD STANDARDS AND REQUIREMENTS. (a) A
 2-8 road project must meet all applicable construction standards,
 2-9 zoning and subdivision requirements, and regulations of each
 2-10 municipality in whose corporate limits or extraterritorial
 2-11 jurisdiction the road project is located.

2-12 (b) If a road project is not located in the corporate limits
 2-13 or extraterritorial jurisdiction of a municipality, the road
 2-14 project must meet all applicable construction standards,
 2-15 subdivision requirements, and regulations of each county in which
 2-16 the road project is located.

2-17 (c) If the state will maintain and operate the road, the
 2-18 Texas Transportation Commission must approve the plans and
 2-19 specifications of the road project.

2-20 Sec. 8073.0205. DIVISION OF DISTRICT. (a) The district may
 2-21 be divided into two or more new districts only if the district:

2-22 (1) has no outstanding bonded debt; and

2-23 (2) is not imposing ad valorem taxes.

2-24 (b) This chapter applies to any new district created by the
 2-25 division of the district, and a new district has all the powers and
 2-26 duties of the district.

2-27 (c) Any new district created by the division of the district
 2-28 may, at the time the new district is created, contain only:

2-29 (1) land within the initial boundaries of the
 2-30 district; or

2-31 (2) land adjacent to the initial boundaries of the
 2-32 district if that adjacent land is:

2-33 (A) not within the extraterritorial jurisdiction
 2-34 of a city; or

2-35 (B) within the extraterritorial jurisdiction of
 2-36 a city and that adjacent land has been approved for inclusion in the
 2-37 district under a consent ordinance or resolution adopted by the
 2-38 city.

2-39 (d) The board, on its own motion or on receipt of a petition
 2-40 signed by the owner or owners of a majority of the assessed value of
 2-41 the real property in the district, may adopt an order dividing the
 2-42 district.

2-43 (e) An order dividing the district must:

2-44 (1) name each new district;

2-45 (2) include the metes and bounds description of the
 2-46 territory of each new district;

2-47 (3) appoint temporary directors for each new district;
 2-48 and

2-49 (4) provide for the division of assets and liabilities
 2-50 between or among the new districts.

2-51 (f) On or before the 30th day after the date of adoption of
 2-52 an order dividing the district, the district shall file the order
 2-53 with the Texas Commission on Environmental Quality and record the
 2-54 order in the real property records of each county in which the
 2-55 district is located.

2-56 (g) Any new district created by the division of the district
 2-57 shall hold a confirmation and directors' election as required by
 2-58 Section 49.102, Water Code.

2-59 (h) Except as provided by Subsection (c), municipal consent
 2-60 by a city is not required for the creation of any new district
 2-61 created under this section.

2-62 (i) Any new district created by the division of the district
 2-63 must hold an election as required by this chapter to obtain voter
 2-64 approval before the district may impose a maintenance tax or issue
 2-65 bonds payable wholly or partly from ad valorem taxes.

2-66 (j) If the voters of a new district do not confirm the
 2-67 creation of the new district, the assets, obligations, territory,
 2-68 and governance of the new district revert to that of the original
 2-69 district.

SUBCHAPTER C. BONDS AND OTHER OBLIGATIONS

3-1 Sec. 8073.0301. AUTHORITY TO ISSUE BONDS AND OTHER
 3-2 OBLIGATIONS FOR ROAD PROJECTS. (a) The district may issue bonds or
 3-3 other obligations payable wholly or partly from ad valorem taxes,
 3-4 impact fees, revenue, contract payments, grants, revenue from a tax
 3-5 increment reinvestment zone created under Chapter 311, Tax Code,
 3-6 other district money, or any combination of those sources to pay for
 3-7 a road project authorized by Section 8073.0203.

3-8
 3-9 (b) The district may not issue bonds payable from ad valorem
 3-10 taxes to finance a road project unless the issuance is approved by a
 3-11 vote of a two-thirds majority of the district voters voting at an
 3-12 election held for that purpose.

3-13 (c) At the time of issuance, the total principal amount of
 3-14 bonds or other obligations issued or incurred to finance road
 3-15 projects and payable from ad valorem taxes may not exceed
 3-16 one-fourth of the assessed value of the real property in the
 3-17 district.

3-18 Sec. 8073.0302. TAXES FOR BONDS. At the time the district
 3-19 issues bonds payable wholly or partly from ad valorem taxes, the
 3-20 board shall provide for the annual imposition of a continuing
 3-21 direct ad valorem tax, without limit as to rate or amount, while all
 3-22 or part of the bonds are outstanding as required and in the manner
 3-23 provided by Sections 54.601 and 54.602, Water Code.

3-24 SECTION 2. The Cleveland Municipal Utility District No. 1
 3-25 of Montgomery County, Texas, retains all the rights, powers,
 3-26 privileges, authority, duties, and functions that it had before the
 3-27 effective date of this Act.

3-28 SECTION 3. (a) The legislature validates and confirms all
 3-29 governmental acts and proceedings of the Cleveland Municipal
 3-30 Utility District No. 1 of Montgomery County, Texas, that were taken
 3-31 before the effective date of this Act.

3-32 (b) This section does not apply to any matter that on the
 3-33 effective date of this Act:

3-34 (1) is involved in litigation if the litigation
 3-35 ultimately results in the matter being held invalid by a final court
 3-36 judgment; or

3-37 (2) has been held invalid by a final court judgment.

3-38 SECTION 4. (a) The legal notice of the intention to
 3-39 introduce this Act, setting forth the general substance of this
 3-40 Act, has been published as provided by law, and the notice and a
 3-41 copy of this Act have been furnished to all persons, agencies,
 3-42 officials, or entities to which they are required to be furnished
 3-43 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
 3-44 Government Code.

3-45 (b) The governor, one of the required recipients, has
 3-46 submitted the notice and Act to the Texas Commission on
 3-47 Environmental Quality.

3-48 (c) The Texas Commission on Environmental Quality has filed
 3-49 its recommendations relating to this Act with the governor, the
 3-50 lieutenant governor, and the speaker of the house of
 3-51 representatives within the required time.

3-52 (d) All requirements of the constitution and laws of this
 3-53 state and the rules and procedures of the legislature with respect
 3-54 to the notice, introduction, and passage of this Act are fulfilled
 3-55 and accomplished.

3-56 SECTION 5. This Act takes effect immediately if it receives
 3-57 a vote of two-thirds of all the members elected to each house, as
 3-58 provided by Section 39, Article III, Texas Constitution. If this
 3-59 Act does not receive the vote necessary for immediate effect, this
 3-60 Act takes effect September 1, 2019.

3-61 * * * * *