

1 AN ACT

2 relating to the creation of the Grayson County Municipal Utility  
3 District No. 2; granting a limited power of eminent domain;  
4 providing authority to issue bonds; providing authority to impose  
5 assessments, fees, and taxes.

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

7 SECTION 1. Subtitle F, Title 6, Special District Local Laws  
8 Code, is amended by adding Chapter 8033 to read as follows:

9 CHAPTER 8033. GRAYSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

10 SUBCHAPTER A. GENERAL PROVISIONS

11 Sec. 8033.0101. DEFINITIONS. In this chapter:

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

13 (2) "City" means the City of Gunter, Texas.

14 (3) "Commission" means the Texas Commission on  
15 Environmental Quality.

16 (4) "Director" means a board member.

17 (5) "District" means the Grayson County Municipal  
18 Utility District No. 2.

19 Sec. 8033.0102. NATURE OF DISTRICT. The district is a  
20 municipal utility district created under Section 59, Article XVI,  
21 Texas Constitution.

22 Sec. 8033.0103. CONFIRMATION AND DIRECTOR ELECTION  
23 REQUIRED. The temporary directors shall hold an election to  
24 confirm the creation of the district and to elect five permanent

1 directors as provided by Section 49.102, Water Code.

2 Sec. 8033.0104. CONSENT OF MUNICIPALITY REQUIRED. The  
3 temporary directors may not hold an election under Section  
4 8033.0103 until each municipality in whose corporate limits or  
5 extraterritorial jurisdiction the district is located has  
6 consented by ordinance or resolution to the creation of the  
7 district and to the inclusion of land in the district.

8 Sec. 8033.0105. FINDINGS OF PUBLIC PURPOSE AND BENEFIT.

9 (a) The district is created to serve a public purpose and benefit.

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

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

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

17 Sec. 8033.0106. INITIAL DISTRICT TERRITORY. (a) The  
18 district is initially composed of the territory described by  
19 Section 2 of the Act enacting this chapter.

20 (b) The boundaries and field notes contained in Section 2 of  
21 the Act enacting this chapter form a closure. A mistake made in the  
22 field notes or in copying the field notes in the legislative process  
23 does not affect the district's:

24 (1) organization, existence, or validity;

25 (2) right to issue any type of bond for the purposes  
26 for which the district is created or to pay the principal of and  
27 interest on a bond;

1           (3) right to impose a tax; or

2           (4) legality or operation.

3                   SUBCHAPTER B. BOARD OF DIRECTORS

4           Sec. 8033.0201. GOVERNING BODY; TERMS. (a) The district is  
5 governed by a board of five elected directors.

6           (b) Except as provided by Section 8033.0202, directors  
7 serve staggered four-year terms.

8           Sec. 8033.0202. TEMPORARY DIRECTORS. (a) On or after  
9 September 1, 2019, the owner or owners of a majority of the assessed  
10 value of the real property in the district may submit a petition to  
11 the commission requesting that the commission appoint as temporary  
12 directors the five persons named in the petition. The commission  
13 shall appoint as temporary directors the five persons named in the  
14 petition.

15           (b) Temporary directors serve until the earlier of:

16                   (1) the date permanent directors are elected under  
17 Section 8033.0103; or

18                   (2) September 1, 2023.

19           (c) If permanent directors have not been elected under  
20 Section 8033.0103 and the terms of the temporary directors have  
21 expired, successor temporary directors shall be appointed or  
22 reappointed as provided by Subsection (d) to serve terms that  
23 expire on the earlier of:

24                   (1) the date permanent directors are elected under  
25 Section 8033.0103; or

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

1       (d) If Subsection (c) applies, the owner or owners of a  
2 majority of the assessed value of the real property in the district  
3 may submit a petition to the commission requesting that the  
4 commission appoint as successor temporary directors the five  
5 persons named in the petition. The commission shall appoint as  
6 successor temporary directors the five persons named in the  
7 petition.

8                   SUBCHAPTER C. POWERS AND DUTIES

9       Sec. 8033.0301. GENERAL POWERS AND DUTIES. The district  
10 has the powers and duties necessary to accomplish the purposes for  
11 which the district is created.

12       Sec. 8033.0302. MUNICIPAL UTILITY DISTRICT POWERS AND  
13 DUTIES. (a) The district has the powers and duties provided by the  
14 general law of this state, including Chapters 49 and 54, Water Code,  
15 applicable to municipal utility districts created under Section 59,  
16 Article XVI, Texas Constitution.

17       (b) Notwithstanding Subsection (a), the district may not  
18 act as a retail provider of water or wastewater service.

19       (c) The district shall make the district's water and  
20 wastewater facilities available to an entity holding the applicable  
21 certificate of public convenience and necessity.

22       Sec. 8033.0303. 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. 8033.0304. 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. 8033.0305. MAINTENANCE OF ROADS IN TERRITORY OUTSIDE  
15 CORPORATE LIMITS OF CITY. If district territory, or a portion of  
16 district territory, is located outside the corporate limits of the  
17 city, the district shall maintain any road the district constructs  
18 located in that territory.

19       Sec. 8033.0306. COMPLIANCE WITH MUNICIPAL CONSENT  
20 ORDINANCE OR RESOLUTION. The district shall comply with all  
21 applicable requirements of any ordinance or resolution that is  
22 adopted under Section 54.016 or 54.0165, Water Code, and that  
23 consents to the creation of the district or to the inclusion of land  
24 in the district.

25       Sec. 8033.0307. DIVISION OF DISTRICT. (a) The district may  
26 be divided into two or more new districts only if the district:

27           (1) has no outstanding bonded debt; and

1           (2) is not imposing ad valorem taxes.

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

5           (c) Any new district created by the division of the district  
6 may not, at the time the new district is created, contain any land  
7 outside the area described by Section 2 of the Act enacting this  
8 chapter.

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

13           (e) The board may adopt an order dividing the district  
14 before or after the date the board holds an election under Section  
15 8033.0103 to confirm the district's creation.

16           (f) An order dividing the district shall:

17                   (1) name each new district;

18                   (2) include the metes and bounds description of the  
19 territory of each new district;

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

21 and

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

24           (g) On or before the 30th day after the date of adoption of  
25 an order dividing the district, the district shall file the order  
26 with the commission and record the order in the real property  
27 records of each county in which the district is located.

1       (h) Any new district created by the division of the district  
2 shall hold a confirmation and directors' election as required by  
3 Section 8033.0103. If the voters of a new district do not confirm  
4 the creation of the new district, the assets, obligations,  
5 territory, and governance of the new district revert to the  
6 original district.

7       (i) Municipal consent to the creation of the district and to  
8 the inclusion of land in the district granted under Section  
9 8033.0104 acts as municipal consent to the creation of any new  
10 district created by the division of the district and to the  
11 inclusion of land in the new district.

12       (j) Any new district created by the division of the district  
13 must hold an election as required by this chapter to obtain voter  
14 approval before the district may impose a maintenance tax or issue  
15 bonds payable wholly or partly from ad valorem taxes.

16               SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

17       Sec. 8033.0401. ELECTIONS REGARDING TAXES OR BONDS. (a)  
18 The district may issue, without an election, bonds and other  
19 obligations secured by:

20               (1) revenue other than ad valorem taxes; or

21               (2) contract payments described by Section 8033.0403.

22       (b) The district must hold an election in the manner  
23 provided by Chapters 49 and 54, Water Code, to obtain voter approval  
24 before the district may impose an ad valorem tax or issue bonds  
25 payable from ad valorem taxes.

26       (c) The district may not issue bonds payable from ad valorem  
27 taxes to finance a road project unless the issuance is approved by a

1 vote of a two-thirds majority of the district voters voting at an  
2 election held for that purpose.

3 Sec. 8033.0402. OPERATION AND MAINTENANCE TAX. (a) If  
4 authorized at an election held under Section 8033.0401, the  
5 district may impose an operation and maintenance tax on taxable  
6 property in the district in accordance with Section 49.107, Water  
7 Code.

8 (b) The board shall determine the tax rate. The rate may not  
9 exceed the rate approved at the election.

10 Sec. 8033.0403. CONTRACT TAXES. (a) In accordance with  
11 Section 49.108, Water Code, the district may impose a tax other than  
12 an operation and maintenance tax and use the revenue derived from  
13 the tax to make payments under a contract after the provisions of  
14 the contract have been approved by a majority of the district voters  
15 voting at an election held for that purpose.

16 (b) A contract approved by the district voters may contain a  
17 provision stating that the contract may be modified or amended by  
18 the board without further voter approval.

19 SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

20 Sec. 8033.0501. AUTHORITY TO ISSUE BONDS AND OTHER  
21 OBLIGATIONS. The district may issue bonds or other obligations  
22 payable wholly or partly from ad valorem taxes, impact fees,  
23 revenue, contract payments, grants, or other district money, or any  
24 combination of those sources, to pay for any authorized district  
25 purpose.

26 Sec. 8033.0502. TAXES FOR BONDS. At the time the district  
27 issues bonds payable wholly or partly from ad valorem taxes, the



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

5 Sec. 8033.0503. BONDS FOR ROAD PROJECTS. At the time of  
6 issuance, the total principal amount of bonds or other obligations  
7 issued or incurred to finance road projects and payable from ad  
8 valorem taxes may not exceed one-fourth of the assessed value of the  
9 real property in the district.

10 SECTION 2. The Grayson County Municipal Utility District  
11 No. 2 initially includes all the territory contained in the  
12 following area:

13 All that certain tract or parcel of land situated in the Charles  
14 Mason Survey, Abstract Number 858, the Fisher A. Hammon Survey,  
15 Abstract Number 604, and the Thomas Toby Survey, Abstract Number  
16 1256, County of Grayson, State of Texas; said tract being part of a  
17 called 102.5 acre tract as described in Tract 10, and all of a  
18 called 208.5 acre tract as described in Tract 33 in Substitute  
19 Trustee's Deed to John Hancock Mutual Life Insurance Co., dated 07  
20 July 1992, and Recorded in Volume 2220 Page 297 of the Deed Records  
21 of the County of Grayson, State of Texas, and being more fully  
22 described as follows:

23 BEGINNING for the southwest corner of the tract being described  
24 herein at a set 3/4 inch Rod, said rod being the southwest corner of  
25 said Tract 33, and the southeast corner of a called 150 acre tract  
26 as shown by Deed to Nelson Bunker Hunt Trust, dated 01 August 1969,  
27 and Recorded in Volume 1140 Page 141 of said Deed Records, said rod

1 also being in the center line of Berend Road (a gravel surfaced  
2 public road), said rod also being on the south line of Grayson  
3 County, and the north line of Denton County;

4 Thence: North 00 degrees 45 minutes 21 seconds West, and passing the  
5 north line of said road and continuing on said course for a total  
6 distance of 4639.84 feet to a net 3/4 inch Rod for the northwest  
7 corner of said Tract 22 and in the center line of Martin Road (a  
8 gravel surfaced public road);

9 Thence: North 88 degrees 58 minutes 52 seconds East a distance of  
10 380.65 for a corner of this tract;

11 Thence: North 89 degrees 02 minutes 42 seconds East with the north  
12 line of said Tract 33 and 10, and the center line of said road. a  
13 distance of 2013.74 feet to a found 1/2 inch Steel Square Tubing for  
14 the northeast corner of this tract;

15 Thence: South 00 degrees 54 minutes 04 seconds East, a distance of  
16 4690.18 feet to a found 1/2 inch Steel Square Tubing in the center  
17 line of said Berend Road;

18 Thence: South 89 degrees 45 minutes 28 seconds West. with the center  
19 line of said road. a distance of 628.46 feet to a found 3/4 inch Rod  
20 for a corner;

21 Thence: North 00 degrees 06 minutes 09 seconds West. a distance of  
22 18.02 feet to set 3/4 inch Rod for a corner on the north line of said  
23 road;

24 Thence: South 89 degrees 31 minutes 51 seconds West. with the north  
25 line of said road. a distance of 866.39 feet to set 3/4 inch Rod for  
26 a corner;

27 Thence: South 00 degrees 00 minutes 32 seconds West. a distance of

1 14.59 feet to a set 3/4 inch Rod for a corner of this tract;  
2 Thence: South 89 degrees 45 minutes 28 seconds West. with the center  
3 line of said Berend road. a distance of 911.48 feet to the POINT OF  
4 BEGINNING and containing 257.294 Acres of land.

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

12 (b) The governor, one of the required recipients, has  
13 submitted the notice and Act to the Texas Commission on  
14 Environmental Quality.

15 (c) The Texas Commission on Environmental Quality has filed  
16 its recommendations relating to this Act with the governor, the  
17 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 Act are fulfilled  
22 and accomplished.

23 SECTION 4. (a) If this Act does not receive a two-thirds  
24 vote of all the members elected to each house, Subchapter C, Chapter  
25 8033, Special District Local Laws Code, as added by Section 1 of  
26 this Act, is amended by adding Section 8033.0308 to read as follows:

27 Sec. 8033.0308. NO EMINENT DOMAIN POWER. The district may

1 not exercise the power of eminent domain.

2           (b) This section is not intended to be an expression of a  
3 legislative interpretation of the requirements of Section 17(c),  
4 Article I, Texas Constitution.

5           SECTION 5. This Act takes effect September 1, 2019.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 4631 was passed by the House on May 3, 2019, by the following vote: Yeas 126, Nays 14, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 4631 was passed by the Senate on May 22, 2019, by the following vote: Yeas 30, Nays 1.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor