

1-1 By: Smith (Senate Sponsor - Fallon) H.B. No. 4631
 1-2 (In the Senate - Received from the House May 6, 2019;
 1-3 May 6, 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				
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 creation of the Grayson County Municipal Utility
 1-18 District No. 2; granting a limited power of eminent domain;
 1-19 providing authority to issue bonds; providing authority to impose
 1-20 assessments, fees, and taxes.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-22 SECTION 1. Subtitle F, Title 6, Special District Local Laws
 1-23 Code, is amended by adding Chapter 8033 to read as follows:

1-24 CHAPTER 8033. GRAYSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
 1-25 SUBCHAPTER A. GENERAL PROVISIONS

1-26 Sec. 8033.0101. DEFINITIONS. In this chapter:

- 1-27 (1) "Board" means the district's board of directors.
- 1-28 (2) "City" means the City of Gunter, Texas.
- 1-29 (3) "Commission" means the Texas Commission on
 1-30 Environmental Quality.
- 1-31 (4) "Director" means a board member.
- 1-32 (5) "District" means the Grayson County Municipal
 1-33 Utility District No. 2.

1-34 Sec. 8033.0102. NATURE OF DISTRICT. The district is a
 1-35 municipal utility district created under Section 59, Article XVI,
 1-36 Texas Constitution.

1-37 Sec. 8033.0103. CONFIRMATION AND DIRECTOR ELECTION
 1-38 REQUIRED. The temporary directors shall hold an election to
 1-39 confirm the creation of the district and to elect five permanent
 1-40 directors as provided by Section 49.102, Water Code.

1-41 Sec. 8033.0104. CONSENT OF MUNICIPALITY REQUIRED. The
 1-42 temporary directors may not hold an election under Section
 1-43 8033.0103 until each municipality in whose corporate limits or
 1-44 extraterritorial jurisdiction the district is located has
 1-45 consented by ordinance or resolution to the creation of the
 1-46 district and to the inclusion of land in the district.

1-47 Sec. 8033.0105. FINDINGS OF PUBLIC PURPOSE AND BENEFIT.
 1-48 (a) The district is created to serve a public purpose and benefit.

- 1-49 (b) The district is created to accomplish the purposes of:
- 1-50 (1) a municipal utility district as provided by
 1-51 general law and Section 59, Article XVI, Texas Constitution; and
- 1-52 (2) Section 52, Article III, Texas Constitution, that
 1-53 relate to the construction, acquisition, improvement, operation,
 1-54 or maintenance of macadamized, graveled, or paved roads, or
 1-55 improvements, including storm drainage, in aid of those roads.

1-56 Sec. 8033.0106. INITIAL DISTRICT TERRITORY. (a) The
 1-57 district is initially composed of the territory described by
 1-58 Section 2 of the Act enacting this chapter.

1-59 (b) The boundaries and field notes contained in Section 2 of
 1-60 the Act enacting this chapter form a closure. A mistake made in the
 1-61 field notes or in copying the field notes in the legislative process

2-1 does not affect the district's:

2-2 (1) organization, existence, or validity;

2-3 (2) right to issue any type of bond for the purposes
 2-4 for which the district is created or to pay the principal of and
 2-5 interest on a bond;

2-6 (3) right to impose a tax; or

2-7 (4) legality or operation.

2-8 SUBCHAPTER B. BOARD OF DIRECTORS

2-9 Sec. 8033.0201. GOVERNING BODY; TERMS. (a) The district is
 2-10 governed by a board of five elected directors.

2-11 (b) Except as provided by Section 8033.0202, directors
 2-12 serve staggered four-year terms.

2-13 Sec. 8033.0202. TEMPORARY DIRECTORS. (a) On or after
 2-14 September 1, 2019, the owner or owners of a majority of the assessed
 2-15 value of the real property in the district may submit a petition to
 2-16 the commission requesting that the commission appoint as temporary
 2-17 directors the five persons named in the petition. The commission
 2-18 shall appoint as temporary directors the five persons named in the
 2-19 petition.

2-20 (b) Temporary directors serve until the earlier of:

2-21 (1) the date permanent directors are elected under
 2-22 Section 8033.0103; or

2-23 (2) September 1, 2023.

2-24 (c) If permanent directors have not been elected under
 2-25 Section 8033.0103 and the terms of the temporary directors have
 2-26 expired, successor temporary directors shall be appointed or
 2-27 reappointed as provided by Subsection (d) to serve terms that
 2-28 expire on the earlier of:

2-29 (1) the date permanent directors are elected under
 2-30 Section 8033.0103; or

2-31 (2) the fourth anniversary of the date of the
 2-32 appointment or reappointment.

2-33 (d) If Subsection (c) applies, the owner or owners of a
 2-34 majority of the assessed value of the real property in the district
 2-35 may submit a petition to the commission requesting that the
 2-36 commission appoint as successor temporary directors the five
 2-37 persons named in the petition. The commission shall appoint as
 2-38 successor temporary directors the five persons named in the
 2-39 petition.

2-40 SUBCHAPTER C. POWERS AND DUTIES

2-41 Sec. 8033.0301. GENERAL POWERS AND DUTIES. The district
 2-42 has the powers and duties necessary to accomplish the purposes for
 2-43 which the district is created.

2-44 Sec. 8033.0302. MUNICIPAL UTILITY DISTRICT POWERS AND
 2-45 DUTIES. (a) The district has the powers and duties provided by the
 2-46 general law of this state, including Chapters 49 and 54, Water Code,
 2-47 applicable to municipal utility districts created under Section 59,
 2-48 Article XVI, Texas Constitution.

2-49 (b) Notwithstanding Subsection (a), the district may not
 2-50 act as a retail provider of water or wastewater service.

2-51 (c) The district shall make the district's water and
 2-52 wastewater facilities available to an entity holding the applicable
 2-53 certificate of public convenience and necessity.

2-54 Sec. 8033.0303. AUTHORITY FOR ROAD PROJECTS. Under Section
 2-55 52, Article III, Texas Constitution, the district may design,
 2-56 acquire, construct, finance, issue bonds for, improve, operate,
 2-57 maintain, and convey to this state, a county, or a municipality for
 2-58 operation and maintenance macadamized, graveled, or paved roads, or
 2-59 improvements, including storm drainage, in aid of those roads.

2-60 Sec. 8033.0304. ROAD STANDARDS AND REQUIREMENTS. (a) A
 2-61 road project must meet all applicable construction standards,
 2-62 zoning and subdivision requirements, and regulations of each
 2-63 municipality in whose corporate limits or extraterritorial
 2-64 jurisdiction the road project is located.

2-65 (b) If a road project is not located in the corporate limits
 2-66 or extraterritorial jurisdiction of a municipality, the road
 2-67 project must meet all applicable construction standards,
 2-68 subdivision requirements, and regulations of each county in which
 2-69 the road project is located.

3-1 (c) If the state will maintain and operate the road, the
 3-2 Texas Transportation Commission must approve the plans and
 3-3 specifications of the road project.

3-4 Sec. 8033.0305. MAINTENANCE OF ROADS IN TERRITORY OUTSIDE
 3-5 CORPORATE LIMITS OF CITY. If district territory, or a portion of
 3-6 district territory, is located outside the corporate limits of the
 3-7 city, the district shall maintain any road the district constructs
 3-8 located in that territory.

3-9 Sec. 8033.0306. COMPLIANCE WITH MUNICIPAL CONSENT
 3-10 ORDINANCE OR RESOLUTION. The district shall comply with all
 3-11 applicable requirements of any ordinance or resolution that is
 3-12 adopted under Section 54.016 or 54.0165, Water Code, and that
 3-13 consents to the creation of the district or to the inclusion of land
 3-14 in the district.

3-15 Sec. 8033.0307. DIVISION OF DISTRICT. (a) The district may
 3-16 be divided into two or more new districts only if the district:

3-17 (1) has no outstanding bonded debt; and

3-18 (2) is not imposing ad valorem taxes.

3-19 (b) This chapter applies to any new district created by the
 3-20 division of the district, and a new district has all the powers and
 3-21 duties of the district.

3-22 (c) Any new district created by the division of the district
 3-23 may not, at the time the new district is created, contain any land
 3-24 outside the area described by Section 2 of the Act enacting this
 3-25 chapter.

3-26 (d) The board, on its own motion or on receipt of a petition
 3-27 signed by the owner or owners of a majority of the assessed value of
 3-28 the real property in the district, may adopt an order dividing the
 3-29 district.

3-30 (e) The board may adopt an order dividing the district
 3-31 before or after the date the board holds an election under Section
 3-32 8033.0103 to confirm the district's creation.

3-33 (f) An order dividing the district shall:

3-34 (1) name each new district;

3-35 (2) include the metes and bounds description of the
 3-36 territory of each new district;

3-37 (3) appoint temporary directors for each new district;

3-38 and

3-39 (4) provide for the division of assets and liabilities
 3-40 between or among the new districts.

3-41 (g) On or before the 30th day after the date of adoption of
 3-42 an order dividing the district, the district shall file the order
 3-43 with the commission and record the order in the real property
 3-44 records of each county in which the district is located.

3-45 (h) Any new district created by the division of the district
 3-46 shall hold a confirmation and directors' election as required by
 3-47 Section 8033.0103. If the voters of a new district do not confirm
 3-48 the creation of the new district, the assets, obligations,
 3-49 territory, and governance of the new district revert to the
 3-50 original district.

3-51 (i) Municipal consent to the creation of the district and to
 3-52 the inclusion of land in the district granted under Section
 3-53 8033.0104 acts as municipal consent to the creation of any new
 3-54 district created by the division of the district and to the
 3-55 inclusion of land in the new district.

3-56 (j) Any new district created by the division of the district
 3-57 must hold an election as required by this chapter to obtain voter
 3-58 approval before the district may impose a maintenance tax or issue
 3-59 bonds payable wholly or partly from ad valorem taxes.

3-60 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

3-61 Sec. 8033.0401. ELECTIONS REGARDING TAXES OR BONDS. (a)
 3-62 The district may issue, without an election, bonds and other
 3-63 obligations secured by:

3-64 (1) revenue other than ad valorem taxes; or

3-65 (2) contract payments described by Section 8033.0403.

3-66 (b) The district must hold an election in the manner
 3-67 provided by Chapters 49 and 54, Water Code, to obtain voter approval
 3-68 before the district may impose an ad valorem tax or issue bonds
 3-69 payable from ad valorem taxes.

4-1 (c) The district may not issue bonds payable from ad valorem
4-2 taxes to finance a road project unless the issuance is approved by a
4-3 vote of a two-thirds majority of the district voters voting at an
4-4 election held for that purpose.

4-5 Sec. 8033.0402. OPERATION AND MAINTENANCE TAX. (a) If
4-6 authorized at an election held under Section 8033.0401, the
4-7 district may impose an operation and maintenance tax on taxable
4-8 property in the district in accordance with Section 49.107, Water
4-9 Code.

4-10 (b) The board shall determine the tax rate. The rate may not
4-11 exceed the rate approved at the election.

4-12 Sec. 8033.0403. CONTRACT TAXES. (a) In accordance with
4-13 Section 49.108, Water Code, the district may impose a tax other than
4-14 an operation and maintenance tax and use the revenue derived from
4-15 the tax to make payments under a contract after the provisions of
4-16 the contract have been approved by a majority of the district voters
4-17 voting at an election held for that purpose.

4-18 (b) A contract approved by the district voters may contain a
4-19 provision stating that the contract may be modified or amended by
4-20 the board without further voter approval.

4-21 SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

4-22 Sec. 8033.0501. AUTHORITY TO ISSUE BONDS AND OTHER
4-23 OBLIGATIONS. The district may issue bonds or other obligations
4-24 payable wholly or partly from ad valorem taxes, impact fees,
4-25 revenue, contract payments, grants, or other district money, or any
4-26 combination of those sources, to pay for any authorized district
4-27 purpose.

4-28 Sec. 8033.0502. TAXES FOR BONDS. At the time the district
4-29 issues bonds payable wholly or partly from ad valorem taxes, the
4-30 board shall provide for the annual imposition of a continuing
4-31 direct ad valorem tax, without limit as to rate or amount, while all
4-32 or part of the bonds are outstanding as required and in the manner
4-33 provided by Sections 54.601 and 54.602, Water Code.

4-34 Sec. 8033.0503. BONDS FOR ROAD PROJECTS. At the time of
4-35 issuance, the total principal amount of bonds or other obligations
4-36 issued or incurred to finance road projects and payable from ad
4-37 valorem taxes may not exceed one-fourth of the assessed value of the
4-38 real property in the district.

4-39 SECTION 2. The Grayson County Municipal Utility District
4-40 No. 2 initially includes all the territory contained in the
4-41 following area:

4-42 All that certain tract or parcel of land situated in the Charles
4-43 Mason Survey, Abstract Number 858, the Fisher A. Hammon Survey,
4-44 Abstract Number 604, and the Thomas Toby Survey, Abstract Number
4-45 1256, County of Grayson, State of Texas; said tract being part of a
4-46 called 102.5 acre tract as described in Tract 10, and all of a
4-47 called 208.5 acre tract as described in Tract 33 in Substitute
4-48 Trustee's Deed to John Hancock Mutual Life Insurance Co., dated 07
4-49 July 1992, and Recorded in Volume 2220 Page 297 of the Deed Records
4-50 of the County of Grayson, State of Texas, and being more fully
4-51 described as follows:

4-52 BEGINNING for the southwest corner of the tract being described
4-53 herein at a set 3/4 inch Rod, said rod being the southwest corner of
4-54 said Tract 33, and the southeast corner of a called 150 acre tract
4-55 as shown by Deed to Nelson Bunker Hunt Trust, dated 01 August 1969,
4-56 and Recorded in Volume 1140 Page 141 of said Deed Records, said rod
4-57 also being in the center line of Berend Road (a gravel surfaced
4-58 public road), said rod also being on the south line of Grayson
4-59 County, and the north line of Denton County;

4-60 Thence: North 00 degrees 45 minutes 21 seconds West, and passing the
4-61 north line of said road and continuing on said course for a total
4-62 distance of 4639.84 feet to a net 3/4 inch Rod for the northwest
4-63 corner of said Tract 22 and in the center line of Martin Road (a
4-64 gravel surfaced public road);

4-65 Thence: North 88 degrees 58 minutes 52 seconds East a distance of
4-66 380.65 for a corner of this tract;

4-67 Thence: North 89 degrees 02 minutes 42 seconds East with the north
4-68 line of said Tract 33 and 10, and the center line of said road. a
4-69 distance of 2013.74 feet to a found 1/2 inch Steel Square Tubing for

5-1 the northeast corner of this tract;
 5-2 Thence: South 00 degrees 54 minutes 04 seconds East, a distance of
 5-3 4690.18 feet to a found 1/2 inch Steel Square Tubing in the center
 5-4 line of said Berend Road;
 5-5 Thence: South 89 degrees 45 minutes 28 seconds West. with the center
 5-6 line of said road. a distance of 628.46 feet to a found 3/4 inch Rod
 5-7 for a corner;
 5-8 Thence: North 00 degrees 06 minutes 09 seconds West. a distance of
 5-9 18.02 feet to set 3/4 inch Rod for a corner on the north line of said
 5-10 road;
 5-11 Thence: South 89 degrees 31 minutes 51 seconds West. with the north
 5-12 line of said road. a distance of 866.39 feet to set 3/4 inch Rod for
 5-13 a corner;
 5-14 Thence: South 00 degrees 00 minutes 32 seconds West. a distance of
 5-15 14.59 feet to a set 3/4 inch Rod for a corner of this tract;
 5-16 Thence: South 89 degrees 45 minutes 28 seconds West. with the center
 5-17 line of said Berend road. a distance of 911.48 feet to the POINT OF
 5-18 BEGINNING and containing 257.294 Acres of land.

5-19 SECTION 3. (a) The legal notice of the intention to
 5-20 introduce this Act, setting forth the general substance of this
 5-21 Act, has been published as provided by law, and the notice and a
 5-22 copy of this Act have been furnished to all persons, agencies,
 5-23 officials, or entities to which they are required to be furnished
 5-24 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
 5-25 Government Code.

5-26 (b) The governor, one of the required recipients, has
 5-27 submitted the notice and Act to the Texas Commission on
 5-28 Environmental Quality.

5-29 (c) The Texas Commission on Environmental Quality has filed
 5-30 its recommendations relating to this Act with the governor, the
 5-31 lieutenant governor, and the speaker of the house of
 5-32 representatives within the required time.

5-33 (d) All requirements of the constitution and laws of this
 5-34 state and the rules and procedures of the legislature with respect
 5-35 to the notice, introduction, and passage of this Act are fulfilled
 5-36 and accomplished.

5-37 SECTION 4. (a) If this Act does not receive a two-thirds
 5-38 vote of all the members elected to each house, Subchapter C, Chapter
 5-39 8033, Special District Local Laws Code, as added by Section 1 of
 5-40 this Act, is amended by adding Section 8033.0308 to read as follows:

5-41 Sec. 8033.0308. NO EMINENT DOMAIN POWER. The district may
 5-42 not exercise the power of eminent domain.

5-43 (b) This section is not intended to be an expression of a
 5-44 legislative interpretation of the requirements of Section 17(c),
 5-45 Article I, Texas Constitution.

5-46 SECTION 5. This Act takes effect September 1, 2019.

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