

By: Nichols

S.B. No. 2527

A BILL TO BE ENTITLED

AN ACT

relating to the conversion of the Liberty Public Utility District to the Liberty County Municipal Utility District No. 7; providing authority to issue bonds; providing authority to impose assessments, fees, or taxes.

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

SECTION 1. The Liberty Public Utility District is converted to the Liberty County Municipal Utility District No. 7 and is governed by Chapter 8081, Special District Local Laws Code, as added by this Act.

SECTION 2. Subtitle F, Title 6, Special District Local Laws Code, is amended by adding Chapter 8081 to read as follows:

CHAPTER 8081. LIBERTY COUNTY MUNICIPAL UTILITY DISTRICT NO. 7

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8081.0101. DEFINITIONS. In this chapter:

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

(2) "Commission" means the Texas Commission on Environmental Quality.

(3) "Director" means a board member.

(4) "District" means the Liberty County Municipal Utility District No. 7.

Sec. 8081.0102. NATURE OF DISTRICT. The district is a district created under Section 59, Article XVI, Texas Constitution, as the Liberty Public Utility District and converted to a municipal

1 utility district as the Liberty County Municipal Utility District  
2 No. 7.

3 Sec. 8081.0103. FINDINGS OF PUBLIC PURPOSE AND BENEFIT.

4 (a) The district is converted and operates to serve a public  
5 purpose and benefit.

6 (b) The district is converted and operates to accomplish the  
7 purposes of:

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

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

14 Sec. 8081.0104. DISTRICT TERRITORY. The district is  
15 composed of the territory of the former Liberty Public Utility  
16 District as that territory existed on January 1, 2019.

17 SUBCHAPTER B. BOARD OF DIRECTORS

18 Sec. 8081.0201. GOVERNING BODY; TERMS. (a) The district  
19 is governed by a board of five elected directors.

20 (b) Except as provided by Section 8081.0202, directors  
21 serve staggered four-year terms.

22 Sec. 8081.0202. TEMPORARY DIRECTORS. (a) On or after the  
23 effective date of the Act enacting this chapter, the owner or owners  
24 of a majority of the assessed value of the real property in the  
25 district may submit a petition to the commission requesting that  
26 the commission appoint as temporary directors the five persons  
27 named in the petition. The commission shall appoint as temporary

1 directors the five persons named in the petition.

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

3 (1) the date permanent directors are elected at an  
4 election held under Section 49.102, Water Code; or

5 (2) the fourth anniversary of the effective date of  
6 the Act enacting this chapter.

7 (c) If permanent directors have not been elected at an  
8 election held under Section 49.102, Water Code, and the terms of the  
9 temporary directors have expired, successor temporary directors  
10 shall be appointed or reappointed as provided by Subsection (d) to  
11 serve terms that expire on the earlier of:

12 (1) the date permanent directors are elected at an  
13 election held under Section 49.102, Water Code; or

14 (2) the fourth anniversary of the date of the  
15 appointment or reappointment.

16 (d) If Subsection (c) applies, the owner or owners of a  
17 majority of the assessed value of the real property in the district  
18 may submit a petition to the commission requesting that the  
19 commission appoint as successor temporary directors the five  
20 persons named in the petition. The commission shall appoint as  
21 successor temporary directors the five persons named in the  
22 petition.

23 SUBCHAPTER C. POWERS AND DUTIES

24 Sec. 8081.0301. GENERAL POWERS AND DUTIES. The district  
25 has the powers and duties necessary to accomplish the purposes  
26 described by this chapter.

27 Sec. 8081.0302. MUNICIPAL UTILITY DISTRICT POWERS AND

1 DUTIES. The district has the powers and duties provided by the  
2 general law of this state, including Chapters 49 and 54, Water Code,  
3 applicable to municipal utility districts created under Section 59,  
4 Article XVI, Texas Constitution.

5 Sec. 8081.0303. AUTHORITY FOR ROAD PROJECTS. Under Section  
6 52, Article III, Texas Constitution, the district may design,  
7 acquire, construct, finance, issue bonds for, improve, operate,  
8 maintain, and convey to this state, a county, or a municipality for  
9 operation and maintenance macadamized, graveled, or paved roads, or  
10 improvements, including storm drainage, in aid of those roads.

11 Sec. 8081.0304. ROAD STANDARDS AND REQUIREMENTS. (a) A  
12 road project must meet all applicable construction standards,  
13 zoning and subdivision requirements, and regulations of each  
14 municipality in whose corporate limits or extraterritorial  
15 jurisdiction the road project is located.

16 (b) If a road project is not located in the corporate limits  
17 or extraterritorial jurisdiction of a municipality, the road  
18 project must meet all applicable construction standards,  
19 subdivision requirements, and regulations of each county in which  
20 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. 8081.0305. COMPLIANCE WITH MUNICIPAL CONSENT  
25 ORDINANCE OR RESOLUTION. The district shall comply with all  
26 applicable requirements of any ordinance or resolution that is  
27 adopted under Section 54.016 or 54.0165, Water Code.

1       Sec. 8081.0306. DIVISION OF DISTRICT. (a) The district  
2 may be divided into two or more new districts only if the district:

3           (1) has never issued any bonds before or after  
4 conversion; and

5           (2) is not imposing ad valorem taxes.

6       (b) This chapter applies to any new district created by the  
7 division of the district, and a new district has all the powers and  
8 duties of the district.

9       (c) A new district created by the division of the district  
10 may not, at the time the new district is created, contain land  
11 outside the territory of the district described by Section  
12 8081.0104.

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

17       (e) The board may adopt an order dividing the district  
18 before or after the date the board holds an election under Section  
19 49.102, Water Code, to confirm the district's creation.

20       (f) An order dividing the district must:

21           (1) name each new district;

22           (2) include the metes and bounds description of the  
23 territory of each new district;

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

25 and

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

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

5       (h) A new district created by the division of the district  
6 shall hold a confirmation and directors' election as required by  
7 Section 49.102, Water Code. If the creation of the new district is  
8 confirmed, the new district shall provide the election date and  
9 results to the commission.

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

14               SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

15               Sec. 8081.0401. ELECTIONS REGARDING TAXES OR BONDS.

16       (a) The district may issue, without an election, bonds and other  
17 obligations secured by:

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

19               (2) contract payments described by Section 8081.0403.

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

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

1       Sec. 8081.0402. OPERATION AND MAINTENANCE TAX. (a) If  
2 authorized at an election held under Section 8081.0401, the  
3 district may impose an operation and maintenance tax on taxable  
4 property in the district in accordance with Section 49.107, Water  
5 Code.

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

8       Sec. 8081.0403. CONTRACT TAXES. (a) In accordance with  
9 Section 49.108, Water Code, the district may impose a tax other than  
10 an operation and maintenance tax and use the revenue derived from  
11 the tax to make payments under a contract after the provisions of  
12 the contract have been approved by a majority of the district voters  
13 voting at an election held for that purpose.

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

17               SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

18       Sec. 8081.0501. AUTHORITY TO ISSUE BONDS AND OTHER  
19 OBLIGATIONS. The district may issue bonds or other obligations  
20 payable wholly or partly from ad valorem taxes, impact fees,  
21 revenue, contract payments, grants, or other district money, or any  
22 combination of those sources, to pay for any authorized district  
23 purpose.

24       Sec. 8081.0502. TAXES FOR BONDS. At the time the district  
25 issues bonds payable wholly or partly from ad valorem taxes, the  
26 board shall provide for the annual imposition of a continuing  
27 direct ad valorem tax, without limit as to rate or amount, while all

1 or part of the bonds are outstanding as required and in the manner  
2 provided by Sections 54.601 and 54.602, Water Code.

3 Sec. 8081.0503. BONDS FOR ROAD PROJECTS. At the time of  
4 issuance, the total principal amount of bonds or other obligations  
5 issued or incurred to finance road projects and payable from ad  
6 valorem taxes may not exceed one-fourth of the assessed value of the  
7 real property in the district.

8 SECTION 3. Chapter 623, Acts of the 62nd Legislature,  
9 Regular Session, 1971, is repealed.

10 SECTION 4. The Liberty County Municipal Utility District  
11 No. 7 retains all rights, powers, privileges, authority, duties,  
12 and functions that the Liberty Public Utility District had before  
13 the effective date of this Act, except as otherwise expressly  
14 provided by Chapter 8081, Special District Local Laws Code, as  
15 added by this Act.

16 SECTION 5. (a) The legislature validates and confirms all  
17 governmental acts and proceedings of the Liberty Public Utility  
18 District that were taken before the effective date of this Act.

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

21 (1) is involved in litigation if the litigation  
22 ultimately results in the matter being held invalid by a final court  
23 judgment; or

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

25 SECTION 6. (a) The legal notice of the intention to  
26 introduce this Act, setting forth the general substance of this  
27 Act, has been published as provided by law, and the notice and a



1 copy of this Act have been furnished to all persons, agencies,  
2 officials, or entities to which they are required to be furnished  
3 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
4 Government Code.

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

8 (c) The Texas Commission on Environmental Quality has filed  
9 its recommendations relating to this Act with the governor, the  
10 lieutenant governor, and the speaker of the house of  
11 representatives within the required time.

12 (d) All requirements of the constitution and laws of this  
13 state and the rules and procedures of the legislature with respect  
14 to the notice, introduction, and passage of this Act are fulfilled  
15 and accomplished.

16 (e) The general law relating to consent by political  
17 subdivisions to the creation of districts with conservation,  
18 reclamation, and road powers and the inclusion of land in those  
19 districts has been complied with.

20 SECTION 7. (a) If this Act does not receive a two-thirds  
21 vote of all the members elected to each house, Subchapter C, Chapter  
22 8081, Special District Local Laws Code, as added by Section 2 of  
23 this Act, is amended by adding Section 8081.0307 to read as follows:

24 Sec. 8081.0307. NO EMINENT DOMAIN POWER. The district may  
25 not exercise the power of eminent domain.

26 (b) This section is not intended to be an expression of a  
27 legislative interpretation of the requirements of Section 17(c),

1 Article I, Texas Constitution.

2 SECTION 8. This Act takes effect immediately if it receives  
3 a vote of two-thirds of all the members elected to each house, as  
4 provided by Section 39, Article III, Texas Constitution. If this  
5 Act does not receive the vote necessary for immediate effect, this  
6 Act takes effect September 1, 2019.