

By: Creighton
(Metcalf)

S.B. No. 2216

A BILL TO BE ENTITLED

AN ACT

relating to the powers and duties of the East Montgomery County
Municipal Utility District No. 14; providing authority to issue
bonds; providing authority to impose assessments, fees, and taxes.

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

SECTION 1. Section 8118.002, Special District Local Laws
Code, is amended to read as follows:

Sec. 8118.002. NATURE AND PURPOSES OF DISTRICT. (a) The
district is [~~a municipal utility district in Montgomery County~~]
created to serve a public purpose and benefit [~~under and essential~~
~~to accomplish the purposes of 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.

SECTION 2. Subchapter C, Chapter 8118, Special District
Local Laws Code, is amended by adding Sections 8118.104, 8118.105,
8118.106, 8118.107, and 8118.108 to read as follows:

Sec. 8118.104. GENERAL POWERS AND DUTIES. The district has
the powers and duties necessary to accomplish the purposes for

1 which the district is created.

2 Sec. 8118.105. MUNICIPAL UTILITY DISTRICT POWERS AND
3 DUTIES. The district has the powers and duties provided by the
4 general law of this state, including Chapters 49 and 54, Water Code,
5 applicable to municipal utility districts created under Section 59,
6 Article XVI, Texas Constitution.

7 Sec. 8118.106. AUTHORITY FOR ROAD PROJECTS. Under Section
8 52, Article III, Texas Constitution, the district may design,
9 acquire, construct, finance, issue bonds for, improve, operate,
10 maintain, and convey to this state, a county, or a municipality for
11 operation and maintenance macadamized, graveled, or paved roads, or
12 improvements, including storm drainage, in aid of those roads.

13 Sec. 8118.107. ROAD STANDARDS AND REQUIREMENTS. (a) A road
14 project must meet all applicable construction standards, zoning and
15 subdivision requirements, and regulations of each municipality in
16 whose corporate limits or extraterritorial jurisdiction the road
17 project is located.

18 (b) If a road project is not located in the corporate limits
19 or extraterritorial jurisdiction of a municipality, the road
20 project must meet all applicable construction standards,
21 subdivision requirements, and regulations of each county in which
22 the road project is located.

23 (c) If the state will maintain and operate the road, the
24 Texas Transportation Commission must approve the plans and
25 specifications of the road project.

26 Sec. 8118.108. DIVISION OF DISTRICT. (a) The district may
27 be divided into two or more new districts only if the district:

1 (1) has never issued any bonds; and

2 (2) is not imposing ad valorem taxes.

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

6 (c) Any new district created by the division of the district
7 may not, at the time the new district is created, contain any land
8 outside the area of the district as it existed on January 1, 2021.

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 49.102, Water Code, to confirm the creation of the district.

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 49.102, Water Code.

4 (i) If the creation of the new district is confirmed, the
5 new district shall provide the election date and results to the
6 Texas Commission on Environmental Quality.

7 (j) Any new district created by the division of the district
8 must hold an election as required by Section 49.107, Water Code, and
9 this chapter to obtain voter approval before the district may
10 impose a maintenance tax or issue bonds payable wholly or partly
11 from ad valorem taxes.

12 (k) Municipal consent to the creation of the district and to
13 the inclusion of land in the district acts as municipal consent to
14 the creation of any new district created by the division of the
15 district and to the inclusion of land in the new district.

16 SECTION 3. Chapter 8118, Special District Local Laws Code,
17 is amended by adding Subchapters D and E to read as follows:

18 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

19 Sec. 8118.151. ELECTIONS REGARDING TAXES OR BONDS. (a) The
20 district may issue, without an election, bonds and other
21 obligations secured by:

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

23 (2) contract payments described by Section 8118.153.

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

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

5 Sec. 8118.152. OPERATION AND MAINTENANCE TAX. (a) If
6 authorized at an election held under Section 8118.151, the district
7 may impose an operation and maintenance tax on taxable property in
8 the district in accordance with Section 49.107, Water Code.

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

11 Sec. 8118.153. CONTRACT TAXES. (a) In accordance with
12 Section 49.108, Water Code, the district may impose a tax other than
13 an operation and maintenance tax and use the revenue derived from
14 the tax to make payments under a contract after the provisions of
15 the contract have been approved by a majority of the district voters
16 voting at an election held for that purpose.

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

20 SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

21 Sec. 8118.201. AUTHORITY TO ISSUE BONDS AND OTHER
22 OBLIGATIONS. The district may issue bonds or other obligations
23 payable wholly or partly from ad valorem taxes, impact fees,
24 revenue, contract payments, grants, or other district money, or any
25 combination of those sources, to pay for any authorized district
26 purpose.

27 Sec. 8118.202. 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 Sec. 8118.203. BONDS FOR ROAD PROJECTS. At the time of
7 issuance, the total principal amount of bonds or other obligations
8 issued or incurred to finance road projects and payable from ad
9 valorem taxes may not exceed one-fourth of the assessed value of the
10 real property in the district.

11 SECTION 4. Sections 8118.022, 8118.023, 8118.024,
12 8118.025, and 8118.052, Special District Local Laws Code, are
13 repealed.

14 SECTION 5. The East Montgomery County Municipal Utility
15 District No. 14 retains all the rights, powers, privileges,
16 authority, duties, and functions that it had before the effective
17 date of this Act.

18 SECTION 6. (a) The legislature validates and confirms all
19 governmental acts and proceedings of the East Montgomery County
20 Municipal Utility District No. 14 that were taken before the
21 effective date of this Act.

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

24 (1) is involved in litigation if the litigation
25 ultimately results in the matter being held invalid by a final court
26 judgment; or

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

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

8 (b) The governor, one of the required recipients, has
9 submitted the notice and Act to the Texas Commission on
10 Environmental Quality.

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

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

19 SECTION 8. This Act takes effect immediately if it receives
20 a vote of two-thirds of all the members elected to each house, as
21 provided by Section 39, Article III, Texas Constitution. If this
22 Act does not receive the vote necessary for immediate effect, this
23 Act takes effect September 1, 2021.