

## BILL ANALYSIS

Senate Research Center

H.B. 5376  
By: Stucky (Parker)  
Local Government  
5/17/2023  
Engrossed

### AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 5376 would create the Tabor Ranch Municipal Management District (district), covering approximately 599 acres in the extraterritorial jurisdiction of the City of Denton (city). The district and city are in the Dallas-Fort Worth Metroplex, where homes are in high demand. The district property is in an area that would benefit from mixed-use and residential development, but does not have sufficient water, sewer, roads, or storm drainage to support development, and there are no immediate municipal plans to provide such improvements or services. Accordingly, the district would provide a financing mechanism for the developer to provide these improvements.

The legislation is based upon and primarily adheres to the municipal management district (MMD) template, with the following additions:

- **Division Authority:** The bill grants the district the authority to divide. The language is taken directly from the municipal utility district template. The authority to divide larger districts is essential to ensuring orderly and cohesive development of the property in phases, as well as a smoother plan for future annexation into the city.
- **Limited 372 Assessment Authority:** The MMD template, along with Chapter 375, would already allow the district to issue bonds secured by ad valorem taxes on property within the district, with oversight of such bonds by the Texas Commission on Environmental Quality (TCEQ). This legislation as drafted would also grant the authority to issue bonds secured by assessments under Chapter 372, Local Government Code, but only with proper oversight. The district would be allowed to issue bonds in the manner provided by Chapter 372 if, and only if, the facilities financed are to be conveyed to, operated and maintained by, or financed pursuant to an agreement with a municipality, county, or other retail provider in order to provide proper oversight. If the city, county, or other retail provider does not enter into such an agreement, the district may not utilize this provision and may only issue ad valorem tax bonds under the oversight of TCEQ. This language has been developed over the past several sessions starting with the House Special Districts Committee and utilized for other management districts. Bonds utilizing this assessment structure have been reviewed and approved by the attorney general and all bonds issued using this structure in the future will also require attorney general approval.
- **Precondition/Expiration:** The bill provides that the district will dissolve within two years of the effective date of the legislation if a development agreement with the city is not executed by that time.
- **Residential Property Not Exempt:** The bill provides that Section 375.161, Local Government Code, does not apply to the district. The district will include single family residences and the district will require the authority to levy assessments against the residential properties receiving the benefit of the improvements and services provided by the district in lieu of financing the improvements with taxes. In order for an assessment to be levied, however, the district must receive an executed petition from the landowners who will be paying the assessment requesting the improvements or services. This works in concert with the limited Chapter 372 assessment authority.

H.B. 5376 amends current law relating to the creation of the Tabor Ranch Municipal Management District, provides authority to issue bonds, provides authority to impose assessments, fees, and taxes, and grants a limited power of eminent domain.

## **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

## **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subtitle C, Title 4, Special District Local Laws Code, by adding Chapter 4000, as follows:

### CHAPTER 4000. TABOR RANCH MUNICIPAL UTILITY DISTRICT

Sets forth language for the creation of the Tabor Ranch Municipal Management District (district). Sets forth standards, procedures, requirements, and criteria for:

Creation, purpose, and approval of the district (Sections 4000.0101-4000.0109);

Size, composition, appointment, compensation, and terms of the board of directors of the district (board), including the naming of the initial directors (Sections 4000.0201-4000.0203);

Powers and duties of the district (Sections 4000.0301-4000.0312);

General financial provisions and authority to impose assessments and taxes and to issue bonds and obligations for the district (Sections 4000.0401-4000.0506); and

Dissolution of the district by the board (Sections 4000.0901).

Authorizes the district to exercise the power of eminent domain in the manner provided by Section 49.222 (Eminent Domain), Water Code.

SECTION 2. Sets forth the initial boundaries for the district.

SECTION 3. Provides that all requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 4. (a) Provides that Section 4000.0312, Special District Local Laws Code, as added by Section 1 of this Act, takes effect only if this Act receives a two-thirds vote of all the members elected to each house.

(b) Amends Subchapter C, Chapter 4000, Special District Local Laws Code, as added by Section 1 of this Act, if this Act does not receive a two-thirds vote of all the members elected to each house, by adding Section 4000.0312, as follows:

Sec. 4000.0312. NO EMINENT DOMAIN POWER. Prohibits the district from exercising the power of eminent domain.

SECTION 5. Effective date: upon passage or September 1, 2023.