

## **BILL ANALYSIS**

Senate Research Center  
88R19632 LRM-F

H.B. 5377  
By: Smith (Hughes)  
Local Government  
5/17/2023  
Engrossed

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

It has been suggested that undeveloped land located within Fannin County would benefit from the creation of a municipal utility district. H.B. 5377 seeks to provide for the creation of such a district.

H.B. 5377 amends the Special District Local Laws Code to create the Fannin Farms Municipal Utility District of Fannin County, subject to municipal consent and voter approval at a confirmation election. The bill grants the district the power to undertake certain road projects and provides for the division of the district. The bill authorizes the district, subject to certain requirements, to issue obligations and impose property, operation and maintenance, and contract taxes. The bill expressly prohibits the district from exercising the power of eminent domain if the bill does not receive a two-thirds vote of all the members elected to each house.

H.B. 5377 amends current law relating to the creation of the Fannin Farms Municipal Utility District of Fannin County, grants a limited power of eminent domain, provides authority to issue bonds, and provides authority to impose assessments, fees, and taxes.

### **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 F, Title 6, Special District Local Laws Code, by adding Chapter 8002A, as follows:

#### **CHAPTER 8002A. FANNIN FARMS MUNICIPAL UTILITY DISTRICT OF FANNIN COUNTY**

Sets forth standard language for the creation of the Fannin Farms Municipal Utility District of Fannin County (district). Sets forth standards, procedures, requirements, and criteria for:

Creation, purpose, and approval of the district (Sections 8002A.0101-8002A.0106);

Size, composition, and terms of the board of directors of the district and appointment of temporary directors (Sections 8002A.0201-8002A.0202);

Powers and duties of the district (Sections 8002A.0301-8002A.0306); and

General financial provisions, authority to impose a tax, and authority to issue bonds and other obligations for the district (Sections 8002A.0401-8002A.0503).

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

SECTION 3. Provides that all requirements of the constitution and the 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 if this Act does not receive a two-thirds vote of all members elected to each house, Subchapter C, Chapter 8002A, Special District Local Laws Code, as added by Section 1 of this Act, is amended by adding Section 8002A.0307, as follows:

Sec. 8002A.0307. NO EMINENT DOMAIN POWER. Prohibits the district from exercising the power of eminent domain.

(b) Provides that this section is not intended to be an expression of a legislative interpretation of the requirements of Section 17(c) (relating to authorizing the legislature to enact a general, local, or special law granting the power of eminent domain to an entity only on a two-thirds vote of all the members elected to each house on or after January 1, 2010), Article I (Bill of Rights), Texas Constitution.

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