

BILL ANALYSIS

C.S.H.B. 447
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Land & Resource Management
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that municipal utility districts (MUDs) play a critical role in financing infrastructure to support new residential and commercial developments in Texas, including by issuing bonds to reimburse developers for the road projects completed within the district. The bill author has also informed the committee, however, that rapid suburban growth and expanding MUD developments have caused concern among local officials and residents that some MUD-financed roads have created unintended traffic bottlenecks, increased strain on surrounding infrastructure, and caused hazardous driving conditions due to a lack of coordinated planning with the county, which is ultimately responsible for roads and intersections. The bill author has further informed the committee that local governments have no mechanism for adequately assessing potential traffic impacts of roads created by a MUD, particularly in fast-growth counties, but that state law provides for conditions to be imposed on bond issuance to ensure that projects funded through public debt align with broader infrastructure planning efforts and serve the public interest. C.S.H.B. 447 seeks to address this issue by prohibiting certain MUDs from issuing bonds to finance a road project without first conducting a traffic impact study.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 447 amends the Water Code to prohibit a district that is authorized by general or special law to exercise the power of eminent domain and located wholly or partly in a county that contains a portion of the Cedar Creek Reservoir and borders a county with a population of 2.6 million or more from issuing bonds to finance a road project unless the district does the following:

- conducts a traffic impact study of that portion of each farm-to-market road, county road, state highway, interstate highway, or other public road, including each intersection of the road, located inside the district or within one-half mile of the district if the road crosses the boundaries of the district or intersects a public road that crosses the boundaries of the district; and
- submits the results of the study to the commissioners court of each county in which the district is located.

A traffic impact study expires on the second anniversary of the date the study was conducted. The bill authorizes the commissioners court of a county to accept an expired traffic impact study at the discretion of the commissioners court.

C.S.H.B. 447 establishes that a district is not required to conduct a traffic impact study of that portion of a public road, including any intersection of the road, that is located in another district with authority for road projects under the Texas Constitution. A traffic impact study conducted under the bill's provisions must project for each public road or intersection subject to the study the potential changes to traffic patterns and volumes that would result from the proposed road project. The bill requires the study to be conducted and submitted before the tract of land served by the road project is platted and to be updated if the original plat on file with the county is revised or amended on or after the second anniversary of the date the plat was submitted to the county. The bill authorizes the commissioners court of a county to waive the impact study requirements at the discretion of the commissioners court.

C.S.H.B. 447 applies only to bonds issued on or after the bill's effective date. Bonds issued before that date are governed by the law in effect when the bonds were issued, and that former law is continued in effect for that purpose.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 447 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Whereas the introduced prohibited a municipal utility district from issuing a bond to finance a road project unless each entity with jurisdiction over a road intersection located inside the district or within one mile of the boundaries of the district or over a road that provides or will provide ingress to or egress from a residential development in the district conducts a study evaluating potential changes to traffic patterns and volumes for the intersection or road that would result from the road project, the substitute prohibits a district from issuing bonds to finance a road project unless the district does the following:

- conducts a traffic impact study of that portion of each farm-to-market road, county road, state highway, interstate highway, or other public road, including each intersection of the road, located inside the district or within one-half mile of the district if the road crosses the boundaries of the district or intersects a public road that crosses the boundaries of the district; and
- submits the results of the study to the commissioners court of each county in which the district is located.

The substitute includes a provision that did not appear in the introduced that restricts applicability of the bill's provisions only to a district that is authorized by general or special law to exercise the power of eminent domain and located wholly or partly in a county that contains a portion of the Cedar Creek Reservoir and borders a county with a population of 2.6 million or more.

The substitute includes the following provisions absent from the introduced:

- provisions establishing that a district is not required to conduct a traffic impact study of that portion of a public road, including any intersection of the road, that is located in another district with authority for road projects under the Texas Constitution;

- provisions requiring a study conducted under the bill's provisions to project for each public road or intersection subject to the study the potential changes to traffic patterns and volumes that would result from the proposed road project;
- provisions requiring a study conducted under the bill's provisions to be conducted and submitted before the tract of land served by the road project is platted and updated if the original plat on file with the county is revised or amended on or after the second anniversary of the date the plat was submitted to the county;
- provisions authorizing the commissioners court of a county to waive the requirements under the bill's provisions at the discretion of the commissioners court; and
- provisions establishing that a study under the bill's provisions expires on the second anniversary of the date the study was conducted and authorizing the commissioners court of a county to accept a traffic impact study that has expired at the discretion of the commissioners court.