

BILL ANALYSIS

Senate Research Center
89R8965 SCR-F

H.B. 5437
By: Kitzman (Kolkhorst)
Local Government
5/21/2025
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Austin County Municipal Utility District (district) is in dire need of legislative validation due to confusing provisions of the previous legislation that created the district. Validating language is required in order for the district to issue bonds as approved by the attorney general. The Office of the Attorney General has reviewed this legislation and offered its assistance with the language, which is followed in the bill. H.B. 5437 will address the issue by validating those actions. They include the following actions:

- any act or proceeding of the district's temporary directors taken not more than five years before the bill's effective date, including an order calling for an election to confirm and establish the district, to elect permanent directors, and to approve the issuance of bonds and the imposition of property taxes;
- all orders canvassing and declaring results of the district election held on November 2, 2021, including confirming the creation and establishment of the district, electing five permanent directors, and approving the issuance of water, sewage, drainage, and road bonds and the imposition of property taxes; and
- each proposition passed at the district election held on November 2, 2021.

The validations does not apply to:

- an act, proceeding, director, other official, bond, or other obligation the validity of which or of whom is the subject of litigation that is pending on the bill's effective date; or
- an act or proceeding that has been held invalid by a final judgment of a court of competent jurisdiction.

H.B. 5437 does not create any new taxing authority or grant additional powers to the district. The district is located in Austin County and is within the corporate limits of the City of Sealy. The district had the approval and consent of Sealy at the time of passage and has no opposition to the validation of the district and its acts.

H.B. 5437 amends current law relating to the validation of the creation of and certain acts of the Austin County Municipal Utility District No. 1.

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. (a) Provides that the creation of the Austin County Municipal Utility District No. 1 (district) and all acts and proceedings related to the creation of the district, effective as of the date on which the creation or related acts or proceedings occurred, are validated and confirmed in all respects, including:

- (1) any act or proceeding of the temporary directors of the district appointed by or under Section 7913A.0202 (Temporary Directors), Special District Local Laws Code, taken not more than five years before the effective date of this Act, including an order calling for an election to confirm and establish the district, to

elect permanent directors, and to approve the issuance of bonds and the imposition of ad valorem taxes;

(2) all orders canvassing and declaring results of the district election held on November 2, 2021, including confirming the creation and establishment of the district, electing five permanent directors, and approving the issuance of water, sewage, drainage, and road bonds and the imposition of ad valorem taxes; and

(3) each proposition passed at the district election held on November 2, 2021.

(b) Provides that this section does not apply to an act, proceeding, director, other official, bond, or other obligation the validity of which or of whom is the subject of litigation that is pending on the effective date of this Act or an act or proceeding that has been held invalid by a final judgment of a court of competent jurisdiction.

SECTION 2. 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 3. Effective date: upon passage or September 1, 2025.