

BILL ANALYSIS

Senate Research Center
89R15853 ANG-F

H.B. 5654
By: Metcalf (Kolkhorst)
Local Government
5/21/2025
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Continuing development and growth in Montgomery County has created the need for permanent improvements such as water supply and distribution facilities, wastewater collection and treatment facilities, drainage projects, road facilities, and recreational facilities.

Pursuant to Article XVI, Section 59, and Article III, Section 52, of the Texas Constitution, and subject to the continuing supervisory jurisdiction of the Texas Commission on Environmental Quality, the bill seeks to create a municipal utility district to be known as Montgomery County Municipal Utility District No. 263 over an approximate 87 acre tract of land located partially within the corporate limits and partially within the extraterritorial jurisdiction of the City of Conroe, Texas, to provide for the construction and financing of infrastructure improvements.

The district is to be created under Water Code provisions applicable to all water districts and to municipal utility districts and under constitutional provisions relating to conservation and reclamation districts. The district will have standard road powers and must comply with all applicable road standards. The district will have the authority to issue tax-exempt bonds to purchase, acquire, or construct facilities. It is also necessary to empower the district with authority to impose a tax and to grant the district a limited power of eminent domain. The bill provides for the creation, administration, powers, duties, operation, and financing of the district. As proposed, H.B. 5654 provides for the creation of Montgomery County Municipal Utility District No. 263, grants a limited power of eminent domain, provides authority to issue bonds, and provides authority to impose assessments, fees, and taxes.

H.B. 5654 amends current law relating to the creation of the Montgomery County Municipal Utility District No. 263, 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 8016A, as follows:

CHAPTER 8016A. MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 263

Sets forth standard language for the creation of the Montgomery County Municipal Utility District No. 263 (district). Sets forth standards, procedures, requirements, and criteria for:

Creation, purpose, and approval of the district (Sec. 8016A.0101-Sec. 8016A.0106);

Size, composition, appointment, compensation, and terms of the board of directors of the district, including the naming of temporary directors (Sec. 8016A.0201- Sec. 8016A.0202);

Powers and duties of the district (Sec. 8016A.0301-Sec. 8016A.0306); and

General financial provisions and authority to impose a tax and issue bonds and obligations for the district (Sec. 8016A.0401-Sec. 8016A.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 the members elected to each house, Subchapter C (Powers and Duties), Chapter 8016A, Special District Local Laws Code, as added by Section 1 of this Act, is amended by adding Section 8016A.0307, as follows:

Sec. 8016A.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 grant the power of eminent domain), Article I (Bill of Rights), Texas Constitution.

SECTION 5. Effective date: January 1, 2026.