

BILL ANALYSIS

Senate Research Center

H.B. 5699
By: Schofield (Huffman)
Local Government
5/21/2025
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The bill author has informed the committee that a tract of undeveloped land within the Harris County Municipal Utility District No. 405 needs to be excluded from the district so that services can be provided by a neighboring district. H.B. 5699 seeks to address this issue by providing for the district and the owner of the undeveloped land to enter into a contract to exclude the property from the district on terms and conditions determined by the district to be advantageous to the district.

H.B. 5699 amends current law relating to the authority of the Harris County Municipal Utility District No. 405 to exclude territory and validates and confirms all previous acts of the district.

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 8024A, as follows:

CHAPTER 8024A. HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 405

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8024A.0101. DEFINITIONS. Defines "board" and "district."

SUBCHAPTER B. POWERS AND DUTIES

Sec. 8024A.0201. EXCLUSION OF PROPERTY BY CONTRACT (a) Authorizes the Harris County Municipal Utility District No. 405 (district), notwithstanding any other law, to enter into a written contract with an owner of undeveloped property in the district to exclude the property from the district on terms and conditions the district's board of directors (board) considers advantageous for the district.

(b) Provides that the district is authorized to issue an order excluding the property from the district only if the terms and conditions of the contract are satisfied. Requires the district to record a copy of the order in the real property records of Harris County.

(c) Provides that except as provided by the contract described by Subsection (a) and Section 8024A.0202, on issuance of the order, the excluded property is no longer part of the district and is not entitled to any services from the district.

Sec. 8024A.0202. EFFECT OF EXCLUSION ON INDEBTEDNESS AND TAXES. (a) Provides that until a property's pro rata share of the district's indebtedness is paid in full after the property is excluded from the district under Section 8024A.0201:

(1) the excluded property's pro rata share of the district's indebtedness remains the obligation of the owner of the excluded property and continues to be secured by statutory liens on the excluded property;

(2) the district is required to continue to levy and collect debt service taxes each year on the excluded property at the same rate levied on other property in the district; and

(3) the taxes collected under Subdivision (2) remain pledged as security for the district's indebtedness and is required to be applied exclusively to the payment of the excluded property's pro rata share of the district's indebtedness.

(b) Requires that the contract for exclusion state the amount of or a method of determining the excluded property's pro rata share of the district's indebtedness.

(c) Authorizes the owner of any part of the excluded property at any time to pay in full the remaining unpaid portion of the excluded property's pro rata share of the district's indebtedness.

(d) Provides that on payment in full of the excluded property's pro rata share of the district's indebtedness, the excluded property is released from payment of the district's debt service taxes.

Sec. 8024A.0203. RIGHTS OF BONDHOLDERS. Provides that the exclusion of property from the district under Section 8024A.0201 does not diminish or impair the rights of the holders of any outstanding and unpaid bonds, warrants, or other certificates of indebtedness of the district.

Sec. 8024A.0204. RELIANCE ON PRIOR ELECTION. Authorizes the district, notwithstanding any other law, to issue any unissued additional bonds, notes, or other obligations approved by voters of the district before the exclusion of property from the district under Section 8024A.0201 without holding a new election to authorize the issuance of the bonds, notes, or other obligations.

SECTION 2. Provides that the district retains all the rights, powers, privileges, authority, duties, and functions that it had before the effective date of this Act.

SECTION 3. (a) Provides that the legislature validates and confirms all governmental acts and proceedings of the district that were taken before the effective date of this Act.

(b) Provides that this section does not apply to any matter that on the effective date of this Act is involved in litigation if the litigation ultimately results in the matter being held invalid by a final court judgment or has been held invalid by a final court judgment.

SECTION 4. 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 5. Effective date: upon passage or September 1, 2025.