

BILL ANALYSIS

Senate Research Center
89R11159 JTZ-F

S.B. 3037
By: Zaffirini
Local Government
5/2/2025
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The ongoing development in Central Texas, particularly in Hays County, has created a need for large-scale infrastructure improvements, including water, wastewater, drainage, and roadway projects. Article XVI, Section 59, and Article III, Section 52, of the Texas Constitution authorize the creation of local districts to fund such improvements through debt issuance, taxes, and assessments.

S.B. 3037 would create the La Cima Municipal Management District No. 1 (district) in Hays County, covering approximately 1,400 acres, to finance infrastructure for the La Cima project's expansion. The bill grants authority under Chapters 49 of the Water Code and Chapter 375 of the Local Government Code, including limited eminent domain powers and the ability to issue bonds.

This legislation follows the municipal management district template but includes provisions for dividing the district as per the municipal utility district template. It also limits assessment powers to infrastructure that will be operated or maintained by the City of San Marcos.

Landowners have worked with the City of San Marcos to secure consent for the bill, including an agreement on utility services, development density, and phased annexation. This agreement is expected to be finalized by the San Marcos City Council on April 15, 2025.

Notice of intent was published in the *Hays Free Press* on January 29, 2025, and mailed to the landowner as required by law.

As proposed, S.B. 3037 amends current law relating to the creation of La Cima Municipal Management District No. 1, provides authority to issue bonds, provides authority to impose assessments, fees, and taxes, and grants a limited power of eminent domain.

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 C, Title 4, Special District Local Laws Code, by adding Chapter 4012, as follows:

CHAPTER 4012. LA CIMA MUNICIPAL MANAGEMENT DISTRICT NO. 1

Sets forth standard language for the creation of the La Cima Municipal Management District No. 1 (district) in the city of San Marcos (city). Sets forth standards, procedures, requirements, and criteria for:

General provisions, creation, purpose, and approval of the district (Sections 4012.0101-4012.0108);

Size, composition, appointment, compensation, and terms of the board of directors of the district (board), including the naming of the initial directors (Sections 4012.0201-4012.0203);

Powers and duties of the district (Sections 4012.0301-4012.0311);

General financial provisions and authority to impose a tax and issue bonds and obligations for the district (Sections 4012.0401-4012.0506); and

Dissolution of the district by the board (Section 4012.0901).

Authorizes the district to exercise the power of eminent domain.

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 Section 4012.0311 (Eminent Domain), Special District Local Laws Code, as added by Section 1 of this Act, is contingent upon the passage of this Act.

(b) 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 4012, Special District Local Laws Code, as added by Section 1 of this Act, is amended by adding Section 4012.0311, as follows:

Sec. 4012.0311. NO EMINENT DOMAIN POWER. Prohibits the district from exercising the power of eminent domain.

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