

**BILL ANALYSIS**

Senate Research Center  
89R26878 MCF-F

S.B. 3063  
By: Nichols  
Local Government  
5/2/2025  
As Filed

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

This legislation would create the Bayou Belle Municipal Management District No. 1 (district), covering approximately 605.3082 acres located outside of the extraterritorial jurisdiction and corporate limits of any city. The district is near the City of Dayton and the City of Houston, where homes are in high demand. The district property is in an area that would benefit from mixed-use and residential development, but does not have sufficient water, sewer, roads, or storm drainage to support development, and there are no immediate municipal plans to provide such improvements or services. Accordingly, the district would provide a financing mechanism for the developer to provide these improvements.

The legislation is based upon and primarily adheres to the municipal management district template, with the following additions:

- Division authority: The bill grants the district the authority to divide. The language is taken directly from the municipal utility district (MUD) template. The authority to divide larger districts is essential to ensuring orderly and cohesive development of the property in phases, as well as a smoother plan for future annexation into the city; and
- Limited power of eminent domain from MUD template. If the bill receives a two-thirds (2/3) vote of all members elected to each house, the district will be granted the authority to exercise the power of eminent domain provided by Chapter 49.222, Water Code.

As proposed, S.B. 3063 amends current law relating to the creation of the Bayou Belle Municipal Management District No. 1, 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 C, Title 4, Special District Local Laws Code, by adding Chapter 4021, as follows:

CHAPTER 4021. BAYOU BELLE MUNICIPAL MANAGEMENT DISTRICT NO. 1

Sets forth standard language for the creation of the Bayou Belle Municipal Management District (district) in Liberty County. Sets forth standards, procedures, requirements, and criteria for:

Creation, purpose, and approval of the district (Sections 4021.0101-4021.0107);

Size, composition, appointment, compensation, and terms of the board of directors of the district, including the naming of the initial directors (Sections 4021.0201-4021.0203);

Powers and duties of the district (Sections 4021.0301-4021.0311);

General financial provisions, including requiring a petition for financing through assessments, and authority to impose a tax and bonds and obligations for the district (Sections 4021.0400-4021.0506);

Dissolution of the district by the district's board of directors (Section 4021.0901);

Authorizes the district to exercise the power of eminent domain in the manner provided by Section 49.222 (Eminent Domain), Water Code, subject to the limitations provided by Section 54.209 (Limitation on Use of Eminent Domain), Water Code.

SECTION 2. Sets forth the initial territory of the district.

SECTION 3. 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 have been fulfilled and accomplished.

SECTION 4. (a) Provides that Section 4021.0311, Special District Local Laws Code, as added by Section 1 of this Act, takes effect only if this Act receives a two-thirds vote of all the members elected to each house.

(b) Provides that, if this Act does not receive a two-thirds vote of all the members elected to each house, Subchapter C, Chapter 4021, Special District Local Laws Code, as added by Section 1 of this Act, is amended by adding Section 4021.0311, as follows:

Sec. 4021.0311. NO EMINENT DOMAIN POWER. Prohibits the district from exercising the power of eminent domain.

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