

1-1 By: Metcalf (Senate Sponsor - Kolkhorst) H.B. No. 5654
1-2 (In the Senate - Received from the House May 8, 2025;
1-3 May 21, 2025, read first time and referred to Committee on Local
1-4 Government; May 22, 2025, reported favorably by the following
1-5 vote: Yeas 6, Nays 0, 1 present not voting; May 22, 2025, sent to
1-6 printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8 Bettencourt	X			
1-9 Middleton				X
1-10 Cook	X			
1-11 Gutierrez	X			
1-12 Nichols	X			
1-13 Paxton	X			
1-14 West	X			

1-16 A BILL TO BE ENTITLED
1-17 AN ACT

1-18 relating to the creation of the Montgomery County Municipal Utility
1-19 District No. 263; granting a limited power of eminent domain;
1-20 providing authority to issue bonds; providing authority to impose
1-21 assessments, fees, and taxes.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-23 SECTION 1. Subtitle F, Title 6, Special District Local Laws
1-24 Code, is amended by adding Chapter 8016A to read as follows:

1-25 CHAPTER 8016A. MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT
1-26 NO. 263

1-27 SUBCHAPTER A. GENERAL PROVISIONS

1-28 Sec. 8016A.0101. DEFINITIONS. In this chapter:

1-29 (1) "Board" means the district's board of directors.

1-30 (2) "Commission" means the Texas Commission on
1-31 Environmental Quality.

1-32 (3) "Director" means a board member.

1-33 (4) "District" means the Montgomery County Municipal
1-34 Utility District No. 263.

1-35 Sec. 8016A.0102. NATURE OF DISTRICT. The district is a
1-36 municipal utility district created under Section 59, Article XVI,
1-37 Texas Constitution.

1-38 Sec. 8016A.0103. CONFIRMATION AND DIRECTOR ELECTION
1-39 REQUIRED. The temporary directors shall hold an election to
1-40 confirm the creation of the district and to elect five permanent
1-41 directors as provided by Section 49.102, Water Code.

1-42 Sec. 8016A.0104. CONSENT OF MUNICIPALITY REQUIRED. The
1-43 temporary directors may not hold an election under Section
1-44 8016A.0103 until each municipality in whose corporate limits or
1-45 extraterritorial jurisdiction the district is located has
1-46 consented by ordinance or resolution to the creation of the
1-47 district and to the inclusion of land in the district as required by
1-48 applicable law.

1-49 Sec. 8016A.0105. FINDINGS OF PUBLIC PURPOSE AND BENEFIT.

1-50 (a) The district is created to serve a public purpose and benefit.

1-51 (b) The district is created to accomplish the purposes of:

1-52 (1) a municipal utility district as provided by
1-53 general law and Section 59, Article XVI, Texas Constitution; and

1-54 (2) Section 52, Article III, Texas Constitution, that
1-55 relate to the construction, acquisition, improvement, operation,
1-56 or maintenance of macadamized, graveled, or paved roads, or
1-57 improvements, including storm drainage, in aid of those roads.

1-58 Sec. 8016A.0106. INITIAL DISTRICT TERRITORY. (a) The
1-59 district is initially composed of the territory described by
1-60 Section 2 of the Act enacting this chapter.

1-61 (b) The boundaries and field notes contained in Section 2 of

the Act enacting this chapter form a closure. A mistake made in the field notes or in copying the field notes in the legislative process does not affect the district's:

- (1) organization, existence, or validity;
- (2) right to issue any type of bond for the purposes for which the district is created or to pay the principal of and interest on a bond;
- (3) right to impose a tax; or
- (4) legality or operation.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8016A.0201. GOVERNING BODY; TERMS. (a) The district is governed by a board of five elected directors.

(b) Except as provided by Section 8016A.0202, directors serve staggered four-year terms.

Sec. 8016A.0202. TEMPORARY DIRECTORS. (a) On or after January 1, 2026, the owner or owners of a majority of the assessed value of the real property in the district may submit a petition to the commission requesting that the commission appoint as temporary directors the five persons named in the petition. The commission shall appoint as temporary directors the five persons named in the petition.

(b) Temporary directors serve until the earlier of:

- (1) the date permanent directors are elected under Section 8016A.0103; or
- (2) January 1, 2030.

(c) If permanent directors have not been elected under Section 8016A.0103 and the terms of the temporary directors have expired, successor temporary directors shall be appointed or reappointed as provided by Subsection (d) to serve terms that expire on the earlier of:

- (1) the date permanent directors are elected under Section 8016A.0103; or
- (2) the fourth anniversary of the date of the appointment or reappointment.

(d) If Subsection (c) applies, the owner or owners of a majority of the assessed value of the real property in the district may submit a petition to the commission requesting that the commission appoint as successor temporary directors the five persons named in the petition. The commission shall appoint as successor temporary directors the five persons named in the petition.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 8016A.0301. GENERAL POWERS AND DUTIES. The district has the powers and duties necessary to accomplish the purposes for which the district is created.

Sec. 8016A.0302. MUNICIPAL UTILITY DISTRICT POWERS AND DUTIES. The district has the powers and duties provided by the general law of this state, including Chapters 49 and 54, Water Code, applicable to municipal utility districts created under Section 59, Article XVI, Texas Constitution.

Sec. 8016A.0303. AUTHORITY FOR ROAD PROJECTS. Under Section 52, Article III, Texas Constitution, the district may design, acquire, construct, finance, issue bonds for, improve, operate, maintain, and convey to this state, a county, or a municipality for operation and maintenance macadamized, graveled, or paved roads, or improvements, including storm drainage, in aid of those roads.

Sec. 8016A.0304. ROAD STANDARDS AND REQUIREMENTS. (a) A road project must meet all applicable construction standards, zoning and subdivision requirements, and regulations of each municipality in whose corporate limits or extraterritorial jurisdiction the road project is located.

(b) If a road project is not located in the corporate limits or extraterritorial jurisdiction of a municipality, the road project must meet all applicable construction standards, subdivision requirements, and regulations of each county in which the road project is located.

(c) If the state will maintain and operate the road, the Texas Transportation Commission must approve the plans and

specifications of the road project.

Sec. 8016A.0305. COMPLIANCE WITH MUNICIPAL CONSENT ORDINANCE OR RESOLUTION. The district shall comply with all applicable requirements of any ordinance or resolution that is adopted under Section 54.016 or 54.0165, Water Code, and that consents to the creation of the district or to the inclusion of land in the district.

Sec. 8016A.0306. DIVISION OF DISTRICT. This chapter applies to any new district created by the division of the district under Section 49.316, Water Code, and a new district has all the powers and duties of the district.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 8016A.0401. ELECTIONS REGARDING TAXES OR BONDS. (a) The district may issue, without an election, bonds and other obligations secured by:

(1) revenue other than ad valorem taxes; or
(2) contract payments described by Section 8016A.0403.

(b) The district must hold an election in the manner provided by Chapters 49 and 54, Water Code, to obtain voter approval before the district may impose an ad valorem tax or issue bonds payable from ad valorem taxes.

(c) The district may not issue bonds payable from ad valorem taxes to finance a road project unless the issuance is approved by a vote of a two-thirds majority of the district voters voting at an election held for that purpose.

Sec. 8016A.0402. OPERATION AND MAINTENANCE TAX. (a) If authorized at an election held under Section 8016A.0401, the district may impose an operation and maintenance tax on taxable property in the district in accordance with Section 49.107, Water Code.

(b) The board shall determine the tax rate. The rate may not exceed the rate approved at the election.

Sec. 8016A.0403. CONTRACT TAXES. (a) In accordance with Section 49.108, Water Code, the district may impose a tax other than an operation and maintenance tax and use the revenue derived from the tax to make payments under a contract after the provisions of the contract have been approved by a majority of the district voters voting at an election held for that purpose.

(b) A contract approved by the district voters may contain a provision stating that the contract may be modified or amended by the board without further voter approval.

SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

Sec. 8016A.0501. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS. The district may issue bonds or other obligations payable wholly or partly from ad valorem taxes, impact fees, revenue, contract payments, grants, or other district money, or any combination of those sources, to pay for any authorized district purpose.

Sec. 8016A.0502. TAXES FOR BONDS. At the time the district issues bonds payable wholly or partly from ad valorem taxes, the board shall provide for the annual imposition of a continuing direct ad valorem tax, without limit as to rate or amount, while all or part of the bonds are outstanding as required and in the manner provided by Sections 54.601 and 54.602, Water Code.

Sec. 8016A.0503. BONDS FOR ROAD PROJECTS. At the time of issuance, the total principal amount of bonds or other obligations issued or incurred to finance road projects and payable from ad valorem taxes may not exceed one-fourth of the assessed value of the real property in the district.

SECTION 2. The Montgomery County Municipal Utility District No. 263 initially includes all the territory contained in the following area:

BEING a 87.24 acre tract of land in the John Corner Survey, Abstract 8, Montgomery County, Texas, and being all of a called 6.795 acre tract of land as recorded in Montgomery County Clerk's File No. 2016-115162, all of a called 2.538 acre tract as recorded under Montgomery County Clerk's File No. 2017-004689, all of a called 3.874 acre tract as recorded in Montgomery County Clerk's

4-1 File No. 9810532, all of a called 51.052 acre tract as recorded in
 4-2 County Clerk's File No. 2016-053457, a portion of a called 7.03
 4-3 acre tract of land as recorded in County Clerk's File
 4-4 No. 2021-055312, and a portion of a called 26.11 acre tract of land
 4-5 as recorded in County Clerk's File No. 2020-099492. Said 87.24 acre
 4-6 tract being more particularly described as follows, with all
 4-7 bearings and grid coordinates referenced to NAD '83 Texas Central
 4-8 Zone
 4-9 COMMENCING at a 5/8" iron rod found { N: 10134219.32, E:
 4-10 3770074.82} on the southerly Right of Way of State Highway 105, for
 4-11 the northwesterly corner of the JW Jolene Subdivision as recorded
 4-12 in Cabinet Z Sheet 6077 of the County Map Records, also being the
 4-13 northeasterly corner of the said 26.11 acre tract
 4-14 THENCE S 09deg 54'13" W a distance of 807.15 feet along the
 4-15 westerly line of the JW Jolene Subdivision to a 5/8" iron rod found
 4-16 for the southwesterly corner of JW Jolene Subdivision and the POINT
 4-17 OF BEGINNING of the herein described tract;
 4-18 THENCE S 79deg 28'19" E a distance of 321.02 feet along the
 4-19 southerly line of the JW Jolene Subdivision, to a 5/8" iron rod
 4-20 found for the southeasterly corner of the said JW Jolene
 4-21 Subdivision, also being the southwesterly corner of a called 3.50
 4-22 acre tract of land as recorded in County Clerk's File No. 9356111;
 4-23 THENCE S 79deg 46'38" E a distance of 189.11 feet along the
 4-24 southerly line of the said 3.50 acre tract, to a 5/8" iron rod found
 4-25 on the westerly line of Roman Hills Subdivision, Section 1 as
 4-26 recorded in Cabinet A, Sheet 81 of the County Map Records;
 4-27 THENCE along the westerly line of Roman Hills Subdivision
 4-28 Section 1 the following:
 4-29 THENCE S 52deg 21'56" W a distance of 32.70 feet;
 4-30 THENCE S 21deg 37'14" W a distance of 369.55 feet;
 4-31 THENCE S 56deg 37'54" W a distance of 1220.44 feet;
 4-32 THENCE N 80deg 51'39" W a distance of 9.37 feet to the
 4-33 southeasterly corner of a called 11.06 acre tract of land as
 4-34 recorded in County Clerk's File No. 2020-142820
 4-35 THENCE N 09deg 54'13" E a distance of 794.76 feet along the
 4-36 easterly line of the said 11.06 acre tract to a 5/8" iron rod found
 4-37 for the northeasterly corner of the said 11.06 acre tract;
 4-38 THENCE N 80deg 05'47" W a distance of 600.00 feet to a 5/8"
 4-39 iron rod found for the northwesterly corner of the said 11.06 acre
 4-40 tract;
 4-41 THENCE S 09deg 54'12" W a distance of 812.79 feet along the
 4-42 westerly line of the said 11.06 to a 1/2" iron rod for the
 4-43 southwesterly corner of the said 11.06 acre tract, on the northerly
 4-44 line of a called 104.5 acre tract of land as recorded in County
 4-45 Clerk's File No. 2022-122722;
 4-46 THENCE N 80deg 07'54" W a distance of 1075.26 feet along the
 4-47 northerly line of the said 104.5 acre tract to a 5/8" iron rod found
 4-48 for the southwesterly corner of the said 51.052 acre tract;
 4-49 THENCE N 09deg 54'32" E a distance of 416.02 feet along the
 4-50 westerly line of the said 51.052 acre tract to the southeasterly
 4-51 corner of the said 3.874 acre tract;
 4-52 THENCE N 80deg 07'20" W a distance of 10.57 feet to a 60' Right
 4-53 of Way known as Club Drive and recorded in County Clerk's File
 4-54 No. 9219822;
 4-55 THENCE along the northeasterly line of Club Drive the
 4-56 following:
 4-57 THENCE N 09deg 52'40" E a distance of 204.93 feet;
 4-58 THENCE with a curve turning to the left with an arc length of
 4-59 1042.73', with a radius of 1082.90', with a chord bearing of N 17deg
 4-60 42'39" W, with a chord length of 1002.91';
 4-61 THENCE N 45deg 10'35" W a distance of 458.77 feet;
 4-62 THENCE with a curve turning to the right with an arc length of
 4-63 322.04', with a radius of 337.41', with a chord bearing of N 17deg
 4-64 51'07" W, with a chord length of 309.95' to the southerly Right of
 4-65 Way of State Highway No. 105 and being the northwesterly corner of
 4-66 the herein described tract;
 4-67 THENCE along the southerly line of State Highway No 105 the
 4-68 following:
 4-69 THENCE S 80deg 28'30" E a distance of 43.41 feet;

5-1 THENCE S 80deg 27'13" E a distance of 649.95 feet;
5-2 THENCE S 83deg 59'40" E a distance of 151.78 feet;
5-3 THENCE S 83deg 46'05" E a distance of 150.43 feet;
5-4 THENCE S 80deg 12'35" E a distance of 306.70 feet;
5-5 THENCE S 69deg 41'13" E a distance of 216.36 feet;
5-6 THENCE N 19deg 48'21" E a distance of 40.00 feet;
5-7 THENCE S 80deg 07'48" E a distance of 550.86 feet to the
5-8 northwesterly corner of a called 3.948 acre tract of land as
5-9 recorded in County Clerk's File No. 2016-102606;
5-10 THENCE S 09 deg 57'38" W a distance of 867.19 feet to the
5-11 southwesterly corner of the said 3.948 acre tract;
5-12 THENCE S 80deg 05'47" E a distance of 200.00 feet to the
5-13 southeasterly corner of the said 3.948 acre tract;
5-14 THENCE N 09deg 54'13" E a distance of 50.68 feet to a point
5-15 along the easterly line of the said 3.948 acre tract;
5-16 THENCE S 79deg 28'19" E a distance of 885.05 across the said
5-17 7.03 acre tract and the said 26.11 acre tract, to the POINT OF
5-18 BEGINNING, and containing 87.24 acres of land, more or less.

5-19 SECTION 3. (a) The legal notice of the intention to
5-20 introduce this Act, setting forth the general substance of this
5-21 Act, has been published as provided by law, and the notice and a
5-22 copy of this Act have been furnished to all persons, agencies,
5-23 officials, or entities to which they are required to be furnished
5-24 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
5-25 Government Code.

5-26 (b) The governor, one of the required recipients, has
5-27 submitted the notice and Act to the Texas Commission on
5-28 Environmental Quality.

5-29 (c) The Texas Commission on Environmental Quality has filed
5-30 its recommendations relating to this Act with the governor, the
5-31 lieutenant governor, and the speaker of the house of
5-32 representatives within the required time.

5-33 (d) All requirements of the constitution and laws of this
5-34 state and the rules and procedures of the legislature with respect
5-35 to the notice, introduction, and passage of this Act are fulfilled
5-36 and accomplished.

5-37 SECTION 4. (a) If this Act does not receive a two-thirds
5-38 vote of all the members elected to each house, Subchapter C, Chapter
5-39 8016A, Special District Local Laws Code, as added by Section 1 of
5-40 this Act, is amended by adding Section 8016A.0307 to read as
5-41 follows:

5-42 Sec. 8016A.0307. NO EMINENT DOMAIN POWER. The district may
5-43 not exercise the power of eminent domain.

5-44 (b) This section is not intended to be an expression of a
5-45 legislative interpretation of the requirements of Section 17(c),
5-46 Article I, Texas Constitution.

5-47 SECTION 5. This Act takes effect January 1, 2026.

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