

1-1 By: Schofield (Senate Sponsor - Huffman) H.B. No. 5699
1-2 (In the Senate - Received from the House May 19, 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			
1-8		Yea	Nay	Absent
1-9	Bettencourt	X		PNV
1-10	Middleton			X
1-11	Cook	X		
1-12	Gutierrez	X		
1-13	Nichols	X		
1-14	Paxton	X		
1-15	West	X		

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

1-18 relating to the authority of the Harris County Municipal Utility
1-19 District No. 405 to exclude territory; validating and confirming
1-20 all previous acts of the district.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-22 SECTION 1. Subtitle F, Title 6, Special District Local Laws
1-23 Code, is amended by adding Chapter 8024A to read as follows:

1-24 CHAPTER 8024A. HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 405
1-25 SUBCHAPTER A. GENERAL PROVISIONS
1-26 Sec. 8024A.0101. DEFINITIONS. In this chapter:
1-27 (1) "Board" means the district's board of directors.
1-28 (2) "District" means the Harris County Municipal
1-29 Utility District No. 405.

1-30 SUBCHAPTER B. POWERS AND DUTIES
1-31 Sec. 8024A.0201. EXCLUSION OF PROPERTY BY CONTRACT. (a)
1-32 Notwithstanding any other law, the district may enter into a
1-33 written contract with an owner of undeveloped property in the
1-34 district to exclude the property from the district on terms and
1-35 conditions the board considers advantageous for the district.

1-36 (b) The district may issue an order excluding the property
1-37 from the district only if the terms and conditions of the contract
1-38 are satisfied. The district shall record a copy of the order in the
1-39 real property records of Harris County.

1-40 (c) Except as provided by the contract described by
1-41 Subsection (a) and Section 8024A.0202, on issuance of the order,
1-42 the excluded property is no longer part of the district and is not
1-43 entitled to any services from the district.

1-44 Sec. 8024A.0202. EFFECT OF EXCLUSION ON INDEBTEDNESS AND
1-45 TAXES. (a) Until a property's pro rata share of the district's
1-46 indebtedness is paid in full after the property is excluded from the
1-47 district under Section 8024A.0201:

1-48 (1) the excluded property's pro rata share of the
1-49 district's indebtedness remains the obligation of the owner of the
1-50 excluded property and continues to be secured by statutory liens on
1-51 the excluded property;

1-52 (2) the district shall continue to levy and collect
1-53 debt service taxes each year on the excluded property at the same
1-54 rate levied on other property in the district; and

1-55 (3) the taxes collected under Subdivision (2) remain
1-56 pledged as security for the district's indebtedness and shall be
1-57 applied exclusively to the payment of the excluded property's pro
1-58 rata share of the district's indebtedness.

1-59 (b) The contract for exclusion must state the amount of or a
1-60 method of determining the excluded property's pro rata share of the
1-61 district's indebtedness.

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

(d) 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. 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. Notwithstanding any other law, the district may 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. The Harris County Municipal Utility District No. 405 retains all the rights, powers, privileges, authority, duties, and functions that it had before the effective date of this Act.

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

(b) This section does not apply to any matter that on the effective date of this Act:

(1) is involved in litigation if the litigation ultimately results in the matter being held invalid by a final court judgment; or

(2) has been held invalid by a final court judgment.

SECTION 4. (a) The legal notice of the intention to introduce this Act, setting forth the general substance of this Act, has been published as provided by law, and the notice and a copy of this Act have been furnished to all persons, agencies, officials, or entities to which they are required to be furnished under Section 59, Article XVI, Texas Constitution, and Chapter 313, Government Code.

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

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

(d) 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. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2025.

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