

BILL ANALYSIS

C.S.H.B. 1410
By: Murphy
Land & Resource Management
Committee Report (Substituted)

BACKGROUND AND PURPOSE

State law limits the amount of certain water district bonds that may be issued to finance parks and recreational facilities at one percent of a district's taxable property value. Bonds for other improvements such as water, sewage, drainage, or roads are not restricted as such. Certain communities would like more park development than what is currently allowed and would like the opportunity to vote on this increased spending as a matter of local concern. C.S.H.B. 1410 seeks to address this issue by allowing that one-percent limit to be exceeded under certain conditions so that impacted districts can have an expanded ability to develop important and impactful green spaces and natural areas while ensuring that existing governmental and voter safeguards remain.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1410 amends the Water Code to authorize the outstanding principal amount of obligations that are supported by property taxes and issued by certain water districts for the purpose of financing a recreational facility to exceed one percent of the value of the taxable property in the district if the district has the following:

- a ratio of debt to certified assessed valuation of 10 percent or less;
- a credit rating that conforms to Texas Commission on Environmental Quality (TCEQ) rules;
- a credit enhanced rating on the district's proposed bond issue that conforms to TCEQ rules; or
- a contract with a political subdivision or an entity acting on behalf of a political subdivision under which the political subdivision or the entity agrees to provide to the district taxes or other revenues, as consideration for the district's development or acquisition of the facility.

C.S.H.B. 1410 removes the prohibitions against the outstanding principal amount of obligations issued to finance parks and recreational facilities exceeding the following amounts:

- if supported by contract taxes, an amount equal to one percent of the value of the taxable property in the districts making payments under the contract; or
- an amount greater than the estimated cost provided in the applicable park plan.

C.S.H.B. 1410 revises the purposes for which the issuance of municipal utility district bonds may be restricted by a city's consent to the inclusion of land in a district from specified purposes relating to the provision of a water supply, waste control, and control of local harmful water excesses to purposes authorized by law for the district. This change in law does not affect the terms of a city's resolution or ordinance adopted before the bill's effective date that constitutes an applicable written consent.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1410 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute revises the conditions under which districts are excepted from the prohibition against the outstanding principal amount of obligations issued to finance parks and recreational facilities exceeding one percent of the value of the taxable property in a district as follows:

- does not include an exception to the prohibition for a district that is exempt from the TCEQ rule requiring developer cost participation in district construction projects or for bonds supported by contract taxes; but
- includes instead a provision that authorizes the outstanding principal amount of obligations issued to finance a recreational facility to exceed that one-percent limit if the district has a specified ratio of debt to certified assessed valuation, credit or credit enhanced rating, or contract under which the district is provided consideration for development or acquisition of the facility.

The substitute includes the removal of the prohibition against the outstanding principal amount of obligations issued to finance parks and recreational facilities exceeding an amount greater than the estimated cost provided in the applicable park plan.

The substitute includes a provision establishing that the bill's change in law regarding the purposes for which the issuance of municipal utility district bonds may be restricted by a city's consent to the inclusion of land in a district does not affect the terms of a city's resolution or ordinance adopted before the bill's effective date that constitutes an applicable written consent.