

## **BILL ANALYSIS**

H.B. 4659  
By: Bonnen  
Urban Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

At the time of the creation of the City of Kemah Municipal Management District No. 1, retail water and sewer services were to be provided to undeveloped property in the district by another entity. However, based on current development plans, applicable parties have agreed that the district should be the entity to provide that service. Additional changes are needed to conform the district's enabling legislation to certain language conventions. H.B. 4659 seeks to address these issues by repealing a prohibition against the district providing retail water or sewer services and by revising the district's enabling legislation.

### **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**

H.B. 4659 amends the Special District Local Laws Code to revise provisions relating to the City of Kemah Municipal Management District No. 1. The bill repeals provisions relating to district taxes and bonds and sets out new provisions in their place. The bill requires the district to hold an election in a specified manner to obtain voter approval before the district may impose a property tax. The bill authorizes the district, if authorized by a majority of the district voters voting at such an election, to impose an operation and maintenance tax on taxable property in the district in a specified manner for any district purpose. The bill requires the district's board of directors to determine the operation and maintenance tax rate and caps the rate at the rate approved at the election.

H.B. 4659 authorizes the district to borrow money on terms determined by the board. The bill authorizes the district to issue bonds, notes, or other obligations payable wholly or partly from property taxes, assessments, impact fees, revenue, contract payments, grants, or other district money, or any combination of those sources of money, to pay for any authorized district purpose.

H.B. 4659 authorizes the district to issue, without an election, bonds secured by the following:

- revenue other than property taxes, including contract revenues; or
- contract payments, provided that statutory requirements relating to contract elections have been met.

H.B. 4659 authorizes the district, if authorized at an applicable election as provided by the bill, to issue bonds payable from property taxes. The bill exempts the district from a municipal management district petition requirement for a bond election. The bill requires the board, at the time the district issues bonds payable wholly or partly from property taxes, to provide for the annual imposition of a continuing direct annual property tax, without limit as to rate or amount, for each year that all or part of the bonds are outstanding as required and in the manner provided by specified statutory municipal utility district provisions. The bill authorizes the submission of all or any part of any facilities or improvements that may be acquired by the district by the issuance of its bonds as a single proposition or as several propositions to be voted on at the election.

H.B. 4659 repeals provisions relating to the following:

- the filing of a director's oath or affirmation of office;
- the election of board officers;
- a requirement that the district transfer ownership of a district improvement project before the project may be put into operation to either the Galveston County Water Control and Improvement District No. 12 or the City of Kemah, as applicable;
- a prohibition against the district providing retail water or sewer services; and
- the terms of, and the expiration date of provisions providing for, the initial directors.

H.B. 4659 provides for the validation and confirmation of certain district actions and proceedings taken before the bill's effective date.

H.B. 4659 repeals the following provisions of the Special District Local Laws Code:

- Section 3976.0205;
- Section 3976.0206;
- Sections 3976.0208(c) and (d);
- Section 3976.0304;
- Section 3976.0305;
- Section 3976.0501; and
- Section 3976.0502.

#### **EFFECTIVE DATE**

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