

- SUBJECT:** Use of money received by a MUD under a contract with a municipality
- COMMITTEE:** Natural Resources — favorable, without amendment
- VOTE:** 9 ayes — Puente, Callegari, Bonnen, Campbell, Geren, Hardcastle, Hilderbran, Hope, Laney  
0 nays — None
- WITNESSES:** For — Joe B. Allen, Association of Water Board Directors  
Against — None
- BACKGROUND:** Local Government Code, sec. 43.0751 allows the governing bodies of a municipality and a municipal utility district (MUD) or other improvement district to enter into a strategic partnership agreement. Such an agreement may allow for limited-purpose annexation of the district on mutually favorable terms and payments by the district to the municipality for services provided by the municipality, among other arrangements.
- DIGEST:** HB 1599 would allow a conservation or reclamation district that received money under the terms of a contract with a municipality to use the money for any purpose of the district or the municipality, unless the contract required the district to use the money for a specific purpose. A district purpose would include a municipal purpose for which money was used under the bill.  
  
The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2005, and would apply a contract between a municipality and a district entered into on or after that date.
- SUPPORTERS SAY:** HB 1599 would allow a MUD that had entered into a revenue-sharing agreement with a municipality to use the money for the same purposes for which a municipality could use the funds, allowing MUDs to build infrastructure and provide services that would improve the quality of life for MUD residents. The bill also would allow a MUD to develop the

community with sidewalks, parks, sound walls, and other repairs that would allow for smooth transition upon annexation by the municipality.

If a municipality and a MUD together determined that some of the funds be dedicated for a specific purpose, HB 1599 would allow for such an arrangement. The bill simply would allow a MUD to use funds for any purpose when the district had not been limited by an agreement.

OPPONENTS  
SAY:

No apparent opposition.

NOTES:

The companion bill, SB 748 by Lindsay, was reported favorably by the Senate Intergovernmental Relations Committee on March 31.