

BILL ANALYSIS

Senate Research Center
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H.B. 813
By: Flynn (Deuell)
Intergovernmental Relations
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

H.B. 813 creates the Union Valley Ranch Municipal Utility District (MUD) of Hunt County, and enumerates its powers, duties, and obligations. This bill combines the traditional powers and duties of a MUD governed by Chapters 49 and 54, Water Code, with the powers of road districts granted in Chapter 53, Water Code. H.B. 813 also grants taxing authority to extend the period of a tax abatement with the district to 35 years.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle F, Title 6, Special District Local Laws Code, by adding Chapter 8108, as follows:

CHAPTER 8108. UNION VALLEY RANCH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8108.001. DEFINITIONS. Defines "board," "director," and "district."

Sec. 8108.002. NATURE OF DISTRICT. Provides that the Union Valley Municipal Utility District (district) is a municipal utility district in Hunt County created under and essential to accomplish the purposes of Section 52, Article III, and Section 59, Article XVI, Texas Constitution. Specifies that the district is created to serve a public use and benefit.

Sec. 8108.003. CONFIRMATION ELECTION REQUIRED. Provides that if the creation of the district is not confirmed at a confirmation election held before September 1, 2007, the district is dissolved September 1, 2007, except that any debts incurred shall be paid, any assets that remain after the payment of debts shall be transferred to Hunt County, and the organization of the district shall be maintained until all debts are paid and remaining assets are transferred; and this chapter expires September 1, 2010.

Sec. 8108.004. INITIAL DISTRICT TERRITORY. (a) Provides that the district is initially composed of the territory described by Section 2 of the Act creating this chapter.

(b) Provides that the boundaries and field notes contained in Section 2 of the Act creating this chapter form a closure. Provides that a mistake made in the field notes or in copying the field notes in the legislative process does not affect the organization, existence, or validity of the district; the right of the district to impose taxes; or the legality or operation of the board.

[Reserves Sections 8108.005 - 8108.020 for expansion.]

SUBCHAPTER A1. TEMPORARY PROVISIONS

Sec. 8108.021. TEMPORARY DIRECTORS. Specifies those persons who serve as directors on the temporary board. Specifies provisions for filling an empty seat among the temporary directors. Specifies the term-length of the temporary directors.

Sec. 8108.022. ORGANIZATIONAL MEETING OF TEMPORARY DIRECTORS. Requires the temporary directors, as soon as practicable after all the temporary directors have qualified under Section 49.055 (Sworn Statement, Bond, and Oath of Office), Water Code, to convene the organizational meeting of the district at a location in the district agreeable to a majority of the directors. Provides that if a location cannot be agreed upon, the organizational meeting shall be at the Hunt County Courthouse.

Sec. 8108.023. CONFIRMATION AND INITIAL DIRECTORS' ELECTION. Requires the temporary directors to hold an election to confirm the creation of the district and to elect five directors.

Sec. 8108.024. INITIAL ELECTED DIRECTORS; TERMS. Requires the directors elected to draw lots to determine which two shall serve until the first regularly scheduled election of directors and which three shall serve until the second regularly scheduled election of directors.

Sec. 8108.025. EXPIRATION OF SUBCHAPTER. Provides that this subchapter expires September 1, 2010.

[Reserves Sections 8108.026 - 8108.050 for expansion.]

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8108.051. DIRECTORS; TERMS. Provides that the district is governed by a board of five directors serving staggered four-year terms.

Sec. 8108.052. ELECTION OF DIRECTORS. Requires the appropriate number of directors to be elected on the uniform election date in May of each even-numbered year.

[Reserves Sections 8108.053 - 8108.100 for expansion.]

SUBCHAPTER C. POWERS AND DUTIES

Sec. 8108.101. MUNICIPAL UTILITY DISTRICT POWERS AND DUTIES. Provides that the district has the powers and duties provided by the general law of this state, including Chapters 49 and 54, Water Code, applicable to the municipal utility districts created under Section 59, Article XVI, Texas Constitution.

Sec. 8108.102. ROAD PROJECTS. (a) Authorizes the district to construct, acquire, improve, maintain, or operate macadamized, graveled, paved, or concrete streets, roads, or improvements in aid of those streets, or roads, including bridges, inside or outside the district.

(b) Requires a project authorized by this section to meet only the construction standards adopted by the North Central Texas Council of Governments, or its successor agency.

Sec. 8108.103. ROAD CONTRACTS. Authorizes the district to contract for a road project in the same manner as a road district, except that competitive bidding for a contract is governed by the Water Code.

Sec. 8108.104. CERTIFICATE OF CONVENIENCE AND NECESSITY. Authorizes the district to pay all expenses related to obtaining a new certificate of convenience and necessity authorizing the district to provide retail water or sewer service inside or outside the district. Authorizes the district to pay all expenses related to obtaining a certificate of convenience and necessity rights from another retail public utility to allow the district to provide retail water or sewer service inside or outside the district.

Sec. 8108.105. **CONTRACT WITH POLITICAL SUBDIVISION FOR WATER OR SEWER SERVICES.** (a) Authorizes the district to enter into a contract to allow a political subdivision to provide retail water or sewer service in the district. Authorizes the contract to contain terms the board considers desirable, fair, and advantageous to the district.

(b) Authorizes the contract to provide that the district will construct or acquire and convey to the political subdivision certain systems as necessary to provide water or sewer service in the district.

(c) Authorizes the district to use bond proceeds or other available district money to pay for its obligations and for services and facilities provided under the contract.

(d) Provides that if the contract requires the district to make payments from taxes other than operation and maintenance taxes, the contract is subject to Section 49.108 (Contract Elections), Water Code.

[Reserves Sections 8108.106 - 8108.150 for expansion.]

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 8108.151. **OPERATION AND MAINTENANCE TAX.** Authorizes the district to impose a tax for any district operation and maintenance purpose in the manner provided by Section 49.107 (Operation and Maintenance Tax), Water Code. Provides that Section 49.107(f), Water Code, does not apply to reimbursements for projects constructed or acquired under Section 8108.102.

Sec. 8108.152. **TAX TO REPAY BONDS.** Authorizes the district to impose a tax to pay the principal of and interest on bonds issued under Section 8108.201.

Sec. 8108.153. **UTILITY PROPERTY EXEMPT FROM IMPACT FEES AND ASSESSMENTS.** Prohibits the district from imposing an impact fee or assessment on the property of certain utilities.

[Reserves Sections 8108.154 - 8108.200 for expansion.]

SUBCHAPTER E. BONDS

Sec. 8108.201. **AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS.** (a) Authorizes the district to issue bonds or other obligations as provided by certain provisions of the Water Code, and to finance the construction, maintenance, or operation of projects under Section 8108.102; or the district's contractual obligations under Section 8108.105.

(b) Prohibits the district from issuing bonds or other obligations secured wholly or partly by ad valorem taxation to finance projects authorized by Section 8108.102 unless the issuance is approved by a vote of a two-thirds majority of the voters of the district voting at an election called for that purpose.

(c) Specifies that bonds or other obligations issued or incurred to finance projects authorized by Section 8108.102 may not exceed one-fourth of the assessed value of the real property in the district.

(d) Provides that Sections 49.181 (Authority of Commission Over Issuance of District Bonds) and 49.182 (Commission Supervision of Projects and Improvements), Water Code, do not apply to a project undertaken by the district under Section 8108.102 or to bonds issued by the district to finance the project.

[Reserves Sections 8108.202 - 8108.250 for expansion.]

SUBCHAPTER F. DIVISION OF DISTRICT INTO MULTIPLE DISTRICTS

Sec. 8108.251. DIVISION OF DISTRICT; REQUIREMENTS. Authorizes the district, including any annexed territory, at any time before the district issues indebtedness secured by taxes or net revenue, to be divided into two or more new districts. Specifies that a new district created by division of the district must be at least 100 acres. Authorizes the board to consider a proposal to divide the district on a petition of a landowner in the district or a motion by the board. Requires the board, if it decides to divide the district, to take certain actions.

Sec. 8108.252. ELECTION FOR DIVISION OF DISTRICT. Requires the board, after it has complied with Section 8108.251(d), to hold an election in the district to determine whether the district should be divided as proposed. Requires the board to give notice of the election by a certain date. Specifies the content of the notice. Requires the district, if a majority of the votes are cast in favor of the division, to be divided, and requires the district to provide written notice of the division to certain entities by a certain date. Prohibits the division of the district if a majority of the votes are not cast in favor of the division.

Sec. 8108.253. ELECTION OF DIRECTORS OF NEW DISTRICTS. (a) Requires the board, not later than the 90th day after the date of an election in favor of the division of a district, to appoint itself as the board of one of the new districts and appoint five directors of each of the other new districts.

(b) Provides that the original board members serve the staggered terms to which they were elected in the original district. Provides that the newly appointed directors serve until the election for directors under Subsection (c).

(c) Requires an election to be held on a certain date to elect five directors in each district for which there were newly appointed directors. Requires the directors to draw lots to determine which two shall serve two-year terms and which three shall serve four-year terms.

(d) Provides that, except as provided by Subsection (c), directors serve staggered four-year terms. Requires the appropriate number of directors to be elected on a certain date.

Sec. 8108.254. CONTINUING POWERS AND OBLIGATIONS OF NEW DISTRICTS. Provides that each new district may incur and pay debts and has all powers of the original district created by this chapter. Provides that, if the district is divided as provided by this subchapter, the current obligations and any bond authorizations of the district are not impaired. Requires debts to be paid by revenues or by taxes or assessments imposed on real property in the district as if the district had not been divided or by contributions from each new district as stated in the terms set by the board. Requires that any other district obligation be divided pro rata among the new districts on an acreage basis or on other terms that are satisfactory to the new districts.

Sec. 8108.255. CONTRACT AUTHORITY OF NEW DISTRICTS. Authorizes the new districts to contract with each other for water and wastewater services or any other matter the boards of the new districts consider appropriate.

SECTION 2. Sets forth the initial boundaries of the district.

SECTION 3. Provides that all requirements of the constitution and laws of this state and rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 4. Effective date: upon passage or September 1, 2005.