

BILL ANALYSIS

Senate Research Center
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S.B. 514
By: Deuell
Intergovernmental Relations
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AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The purpose of this bill is to enable the conversion of the Verandah Fresh Water Supply District of Hunt County to a municipal utility district, and to enumerate its powers, duties, and obligations.

As proposed, S.B. 514 adds Chapter 8110 to the Special District Local Laws Code titled Verandah Fresh Water Supply District of Hunt County.

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. Converts the Verandah Fresh Water Supply District of Hunt County to the Verandah Municipal Utility District of Hunt County (district). Applies Section 54.034 (Effect Of Conversion) Water Code, to the district in the same manner as a district converted under Sections 54.030-54.033 (Conversion Of Certain Districts Operating Under This Chapter), (Establishing Date For Hearing), (Conversion Of District; Notice), (Conversion Of District; Findings), Water Code.

SECTION 2. Sets forth that the legislature finds that development or redevelopment in the area in the district would not occur solely through private investment in the reasonably foreseeable future and that the area in the district meets certain criteria.

SECTION 3. Amends Subtitle F, Title 6, Special District Local Laws Code, by adding Chapter 8110, to read as follows:

CHAPTER 8110. VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8110.001. DEFINITIONS. Defines "board," "director," and "district."

Sec. 8110.002. NATURE OF DISTRICT. Sets forth that the district is a municipal utility district with road district powers. Sets forth that the district is essential to accomplish the purposes of Section 52, Article III (Counties, Cities, or Other Political Corporations or Subdivisions; Lending Credit; Grants; Bonds), Section 1-g, Article VIII (Development or Redevelopment of Property; Ad Valorem Tax Relief and Issuance of Bonds Notes), and Section 59, Article XVI (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Texas Constitution, and will serve a public use and benefit.

Sec. 8110.003. APPLICABILITY OF OTHER LAW. Provides that except as otherwise provided by this chapter, all applicable laws, including Chapter 49, (Provisions Applicable To All Districts), Water Code, Chapter 54, Water Code (Municipal Utility Districts), Water Code, and Chapter 257 (Road Districts), Transportation Code, and other general laws applicable to road districts created under Section 52, Article III, (Counties, Cities, or Other Political Corporations or Subdivisions; Lending Credit; Grants; Bonds),

Texas Constitution, to the extent those provisions can apply to the district. Provides that if a provision of general law relating to road districts is in conflict or inconsistent with this chapter or Chapter 49 or 54, Water Code, this chapter and Chapters 49 and 54, Water Code prevail.

Sec. 8110.004. PROHIBITION AGAINST IMPAIRMENT OF DISTRICT. Prohibits a county in which the district is located or a municipality in whose extraterritorial jurisdiction the district located from adopting an ordinance or resolution or taking any other action that will produce certain results.

Reserves Sections 8110.005-8110.050 for expansion.

SUBCHAPTER B. POWERS AND DUTIES

Sec. 8110.051. ROAD PROJECTS. Authorizes the district to construct, acquire, improve, maintain, or operate macadamized, graveled, paved, or concreted streets, roads, or turnpikes, or improvements in aid of those streets, roads, or turnpikes, including bridges, inside or outside the district. Authorizes the improvements to include certain items that are incidental to the roads or turnpikes and their construction, maintenance, or operation. Authorizes the district, following approval of a construction contract by the board, to reimburse expenditures as provided by Sections 257.003(a) and (b), Transportation Code (Acquisition of Roads), without any additional approval under Section 257.003, Transportation Code.

Sec. 8110.052. JOINT ROAD PROJECTS. Authorizes a district contract for a joint project with a state agency, a political subdivision, or a corporation created under Chapter 431 (Texas Transportation Corporation Act), Transportation Code to include certain provisions.

Sec. 8110.053. ROAD CONTRACTS. Authorizes the district to contract for a road project in the same manner as a road district under Chapter 257, Transportation Code, except that competitive bidding for a contract is governed by Subchapter I, Chapter 49, Water Code.

Sec. 8110.054. CERTIFICATE OF CONVENIENCE AND NECESSITY. Authorizes the district to pay out of bond proceeds or other available district money all expenses, including legal, engineering, and other fees related to obtaining a new certificate of convenience and necessity under Chapter 13 (Water Rates and Services), Water Code, authorizing the district to provide retail water or sewer service inside or outside the district. Authorizes the district to pay out of bond proceeds or other available district money all expenses, including the purchase price, related to acquiring certificate of convenience and necessity rights from another retail public utility to allow the district to provide retail water or sewer service in the district.

Sec. 8110.055. CONTRACT WITH POLITICAL SUBDIVISION FOR WATER OR SEWER SERVICES. Authorizes a district to enter into a contract to allow a political subdivision to provide retail water or sewer service. Authorizes the contract to contain the terms the board considers desirable, fair, and advantageous to the district. Authorizes the contract to provide that the district will construct or acquire and convey to the political subdivision a water supply or treatment system, a water distribution system, or a sanitary sewage collection or treatment system, as necessary to provide water or sewer service in the district. 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. 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.

Sec. 8110.056. EMINENT DOMAIN. Authorizes the district to acquire by condemnation any land, easements, or other property, inside or outside the district boundaries, for any district project or purpose.

Sec. 8110.057. TAX INCREMENT FINANCING POWERS. Provides that without further authorization or procedural requirement, the district is a tax increment reinvestment zone under Chapter 311 (Tax Increment Financing Act), Tax Code. Provides that the district has all powers provided under Chapter 311, Tax Code. Authorizes the district to enter into an interlocal agreement with any overlapping taxing unit for the payment of all or a portion of the tax increment of the unit to the district. Authorizes the overlapping taxing unit to enter into the agreement. Authorizes the agreement to provide that the overlapping taxing unit will pay a different portion or none of its tax increment relating to property used for commercial purposes. Sets forth that the base year value of the district, for tax increment financing purposes, is the value as of January 1, 2004, of all taxable real property in the district as shown on the certified tax rolls of the central appraisal district.

Reserves Sections 8110.058-8110.100 for expansion.

SUBCHAPTER C. GENERAL FINANCIAL PROVISIONS

Sec. 8110.101. 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 is inapplicable to reimbursements for projects constructed or acquired under Section 8110.051.

Sec. 8110.102. TAX TO REPAY BONDS. Authorizes the district to impose a tax to pay the principal of and interest on bonds issued under Section 8110.151.

Reserves Sections 8110.103-8110.150 for expansion.

SUBCHAPTER D. BONDS

Sec. 8110.151. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS; TAX. Authorizes the district, in addition to the general authority to issue bonds under Chapters 49 and 54, Water Code, to issue bonds or other obligations as provided by Chapters 49 and 54, Water Code, to finance the construction, maintenance, or operation of projects under Section 8110.051 or 8110.052. Authorizes the district to issue bonds or other obligations payable wholly or partly from ad valorem taxes, impact fees, revenue, grants, or other district money or any combination of those sources. Prohibits the district from issuing bonds or other obligations secured wholly or partly by ad valorem taxation to finance projects authorized by Section 8110.051 or 8110.052 unless the issuance is approved by a vote of a two-thirds majority of the voters of the district at an election called for that purpose. Prohibits bonds or other obligations issued or incurred to finance projects authorized by Section 8110.051 or 8110.052 from exceeding one-fourth of the assessed value of the real property in the district. Provides that Sections 49.181(Authority of Commission Over Issuance of District Bonds) and 49.182 (Commission Supervision Of Projects and Improvements), are inapplicable to a project undertaken by the district to finance the project.

Reserves Sections 8110.152-8110.200 for expansion.

SECTION 4. Sets forth that certain entities are validated and confirmed in all respects. Provides entities to which this section is inapplicable.

SECTION 5. Sets forth that all constitutional requirements, laws of the state, and rules and procedures of the legislature and of any necessary state agency with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 6. Effective date: upon passage or September 1, 2005.