

BILL ANALYSIS

Senate Research Center
81R23736 PMO-D

H.B. 4803
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Intergovernmental Relations
5/20/2009
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The South Fork Ranch Municipal Utility District (district), as proposed, will encompass an area of land outside the corporate limits of any city and within the extraterritorial jurisdiction of Hutto, Texas. The land located within the district is set to be used for single-family residential and commercial development; therefore, water, sewer, drainage, and road services need to be secured for such development.

H.B. 4803 creates the district in order to purchase, acquire, or construct facilities for water, sewer, drainage, and road services to serve the future occupants of the land using tax exempt bonds. The bill also provides regulations regarding the administration, powers, duties, operation, and financing of the district.

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 8345, as follows:

CHAPTER 8345. SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8345.001. DEFINITIONS. Defines "board," "director," and "district."

Sec. 8345.002. NATURE OF DISTRICT. Provides that the South Fork Ranch Municipal Utility District (district) is a municipal utility district created under Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI (General Provisions), Texas Constitution.

Sec. 8345.003. CONFIRMATION AND DIRECTORS' ELECTION REQUIRED. Requires the temporary directors to hold an election to confirm the creation of the district and to elect five permanent directors as provided by Section 49.102 (Confirmation and Director Election), Water Code.

Sec. 8345.004. CONSENT OF MUNICIPALITY REQUIRED. Prohibits the temporary directors from holding an election under Section 8345.003 until each municipality in whose corporate limits or extraterritorial jurisdiction the district is located has consented by ordinance or resolution to the creation of the district and to the inclusion of land in the district.

Sec. 8345.005. FINDINGS OF PUBLIC PURPOSE AND BENEFIT. (a) Provides that the district is created to serve a public purpose and benefit.

(b) Provides that the district is created to accomplish the purposes of a municipal utility district as provided by general law and Section 59, Article XVI, Texas

Constitution and Section 52 (Counties, Cities or Other Political Corporations or Subdivisions; Lending Credit; Grants; Bonds), Article III (Legislative Department), Texas Constitution, that relate to the construction, acquisition, or improvement of macadamized, graveled, or paved roads described by Section 54.234 (Acquiring Road Powers), Water Code, or improvements, including storm drainage, in aid of those roads.

Sec. 8345.006. 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 district's organization, existence, or validity; right to issue any type of bond for the purposes for which the district is created or to pay the principal of and interest on a bond; right to impose a tax; or legality or operation.

[Reserves Sections 8345.007-8345.050 for expansion.]

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8345.051. GOVERNING BODY; TERMS. (a) Provides that the district is governed by a board of five elected directors.

(b) Provides that, except as provided by Section 8345.052, directors serve staggered four-year terms.

Sec. 8345.052. TEMPORARY DIRECTORS. (a) Provides that the temporary board consists of five certain named individuals.

(b) Provides that temporary directors serve until the earlier of the date permanent directors are elected under Section 8345.003 or the fourth anniversary of the effective date of the Act creating this chapter.

(c) Requires successor temporary directors, if permanent directors have not been elected under Section 8345.003 and the terms of the temporary directors have expired, to be appointed or reappointed as provided by Subsection (d) to serve terms that expire on the earlier of the date permanent directors are elected under Section 8345.003 or the fourth anniversary of the date of the appointment or reappointment.

(d) Authorizes the owner or owners of a majority of the assessed value of the real property in the district, if Subsection (c) applies, to submit a petition to the Texas Commission on Environmental Quality (TCEQ) requesting that TCEQ appoint as successor temporary directors the five persons named in the petition. Requires TCEQ to appoint as successor temporary directors the five persons named in the petition.

[Reserves Sections 8345.053-8345.100 for expansion.]

SUBCHAPTER C. POWERS AND DUTIES

Sec. 8345.101. GENERAL POWERS AND DUTIES. Provides that the district has the powers and duties necessary to accomplish the purposes for which the district is created.

Sec. 8345.102. 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 (Provisions Applicable to All Districts) and 54 (Municipal Utility Districts), Water Code, applicable to municipal utility districts created under Section 59, Article XVI, Texas Constitution.

Sec. 8345.103. **AUTHORITY FOR ROAD PROJECTS.** (a) Authorizes the district, under Section 52, Article III, Texas Constitution, to design, acquire, construct, finance, issue bonds for, improve, and convey to this state, a county, or a municipality for operation and maintenance macadamized, graveled, or paved roads described by Section 54.234, Water Code, or improvements, including storm drainage, in aid of those roads.

(b) Prohibits the district from exercising the powers provided by this section unless the district submits a petition to and obtains approval from TCEQ as required by Section 54.234, Water Code.

Sec. 8345.104. **APPROVAL OF ROAD PROJECT.** (a) Prohibits the district from undertaking a road project authorized by Section 8345.103 unless each municipality or county that will operate and maintain the road has approved the plans and specifications of the road project, if a municipality or county will operate and maintain the road, or the Texas Transportation Commission (TTC) has approved the plans and specifications of the road project, if the state will operate and maintain the road.

(b) Prohibits the district from designing, acquiring, constructing, financing, issuing bonds for, improving, or conveying a road project unless the district obtains approval from TTC.

Sec. 8345.105. **STREET REPAIR AND MAINTENANCE.** (a) Requires the district, after the 10th anniversary of the effective date of the Act creating this chapter, at the district's expense, to repair and maintain the streets in the district.

(b) Requires that a district's repair and maintenance of a street under this section meet all applicable construction standards and regulations of Williamson County.

Sec. 8345.106. **COMPLIANCE WITH MUNICIPAL CONSENT ORDINANCE OR RESOLUTION.** Requires the district to comply with all applicable requirements of any ordinance or resolution that is adopted under Section 54.016 (Consent of City) or 54.0165 (Addition to District of Land in Extraterritorial Jurisdiction of Municipality), Water Code, and that consents to the creation of the district or to the inclusion of land in the district.

Sec. 8345.107. **LIMITATION ON USE OF EMINENT DOMAIN.** Prohibits the district from exercising the power of eminent domain outside the district to acquire a site or easement for a road project authorized by Section 8345.103 or a recreational facility as defined by Section 49.462 (Definitions), Water Code.

[Reserves Sections 8345.108-8345.150 for expansion.]

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 8345.151. **ELECTIONS REGARDING TAXES OR BONDS.** (a) Authorizes the district to issue, without an election, bonds and other obligations secured by revenue other than ad valorem taxes or contract payments described by Section 8345.153.

(b) Requires the district to hold an election in the manner provided by Chapters 49 and 54, Water Code, to obtain voter approval before the district may impose an ad valorem tax or issue bonds payable from ad valorem taxes.

(c) Prohibits the district from issuing bonds payable from ad valorem taxes to finance a road project unless the issuance is approved by a vote of a two-thirds majority of the district voters voting at an election held for that purpose.

Sec. 8345.152. **OPERATION AND MAINTENANCE TAX.** (a) Authorizes the district, if authorized at an election held under Section 8345.151, to impose an operation and maintenance tax on taxable property in the district in accordance with Section 49.107 (Operation and Maintenance Tax), Water Code.

(b) Requires the board to determine the tax rate. Prohibits the rate from exceeding the rate approved at the election.

Sec. 8345.153. CONTRACT TAXES. (a) Authorizes the district, in accordance with Section 49.108 (Contract Elections), Water Code, to impose a tax other than an operation and maintenance tax and use the revenue derived from the tax to make payments under a contract after the provisions of the contract have been approved by a majority of the district voters voting at an election held for that purpose.

(b) Authorizes a contract approved by the district voters to contain a provision stating that the contract may be modified or amended by the board without further voter approval.

[Reserves Sections 8345.154-8345.200 for expansion.]

SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

Sec. 8345.201. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS. Authorizes the district to issue bonds or other obligations payable wholly or partly from ad valorem taxes, impact fees, revenue, contract payments, grants, or other district money, or any combination of those sources, to pay for any authorized district purpose.

Sec. 8345.202. TAXES FOR BONDS. Requires the board, at the time the district issues bonds payable wholly or partly from ad valorem taxes, to provide for the annual imposition of a continuing direct ad valorem tax, without limit as to rate or amount, while all or part of the bonds are outstanding as required and in the manner provided by Sections 54.601 (Tax Levy for Bonds) and 54.602 (Establishment of Tax Rate in Each Year), Water Code.

Sec. 8345.203. BONDS FOR ROAD PROJECTS. Prohibits the total principal amount of bonds or other obligations issued or incurred to finance road projects and payable from ad valorem taxes, at the time of issuance, from exceeding one-fourth of the assessed value of the real property in the district.

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 the 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, 2009.