

## **BILL ANALYSIS**

Senate Research Center  
81R4337 PMO-F

S.B. 1038  
By: Patrick, Dan  
Intergovernmental Relations  
3/23/2009  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Northampton Municipal Utility District (district) [currently the Norchester Municipal Utility District] encompasses an area of land outside of the corporate limits of any city and within the extraterritorial jurisdiction of the City of Houston, Harris County, Texas. The legislation validates the name of the district. The district desires to establish and administer defined areas within the boundaries of the district, notwithstanding an acreage limitation set forth in Chapter 54.801(a) (relating to authorizing a district of 1,500 acres to define areas or designate property), Water Code. The land located within the defined areas to be established by the district comprises single family residential and commercial development; therefore, road services need to be secured. It is necessary to empower the district under Chapters 49 (Provisions Applicable to All District) and 54 (Municipal Utility Districts), Water Code, to purchase, acquire, or construct facilities for such roads to serve the future occupants of a defined area utilizing tax exempt bonds. It is also necessary to empower the district to impose a tax to repay the bonds.

As proposed, S.B. 1038 renames the Norchester Municipal Utility District as the Northampton Municipal Utility District and authorizes the district to issue bonds or other obligations and impose an ad valorem tax on real property in a defined area to pay the principle of or interest on bonds issued.

### **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 Chapter 608, Acts of the 60th Legislature, Regular Session, 1967, by amending Section 1 and adding Section 11A, as follows:

Sec. 1. Renames the Norchester Municipal Utility District, as the Northampton Municipal District Utility District (district).

Sec. 11A. (a) Authorizes the district, notwithstanding the limitation on authorization based on acreage under Section 54.801(a), Water Code, to establish and administer defined areas as provided by Subchapter J (Services for Certain Defined Areas and Designated Property), Chapter 54 (Municipal Utility Districts), Water Code.

(b) Authorizes the district, under Article III (Legislative Department), Section 52 (Counties, Cities or Other Political Corporations or Subdivisions; Lending Credit; Grants; Bonds), Texas Constitution, to construct, acquire, improve, maintain, or operate macadamized, graveled, or paved, or improvements, including storm drainage, in aid of those roads, in a defined area established under this section.

(c) Authorizes the district to issue bonds or other obligations as provided by Chapters 49 (Provisions Applicable to All Districts) and 54, Water Code, to finance the construction, acquisition, improvement, maintenance, or operation of projects under Subsection (b).

(d) Authorizes the district to impose an ad valorem tax on real property in a defined area to pay the principles of or interest on bonds issued under Subsection (b) to finance projects benefiting the defined area.

(e) Prohibits the district from issuing bonds or other obligations secured wholly or partly by ad valorem taxes to finance a project authorized by Subsection (b) unless the issuance is approved by a vote of a two-thirds majority of the voters of the defined area to be benefited by the project as provided by Subchapter J, Chapter 54, Water Code, voting at an election called for that purpose. Provides that the simple majority vote approval required by Section 54.808(a) (relating to declaring a result and issuing an order), Water Code, does not apply to an election under this subsection.

(f) Prohibits the total principal amount of bonds or other obligation issued or incurred to finance projects authorized by Subsection (b) benefiting a defined area, at the time of issuance, from exceeding one-fourth of the assessed value of the real property in the defined area.

SECTION 2. (a) Provides that the act or proceeding relating to the change of name of the district is validated and confirmed in all respects.

(b) Provides that this section does not apply to any matter that on the effective date of this Act is involved in litigation if the litigation ultimately results in the matter being held invalid by a final court judgment, or has been held invalid by a final court judgment.

SECTION 3. (a) Provides that the legal notice of the intention to introduce this Act, setting forth the general substance of this Act, has been published as provided by law, and the notice and a copy of this Act have been furnished to all persons, agencies, officials, or entities to which they are required to be furnished under Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI (General Provisions), Texas Constitution, and Chapter 313 (Notice for Local and Special Laws), Government Code.

(b) Provides that the governor, one of the required recipients, has submitted the notice and Act to the Texas Commission on Environmental Equality (TCEQ).

(c) Provides that TCEQ has filed its recommendations relating to this Act with the governor, the lieutenant governor, and the speaker of the house of representatives within the required time.

(d) Provides that all requirements of the constitution and the 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.