

BILL ANALYSIS

Senate Research Center

C.S.H.B. 1207
By: Gooden (Hall)
Agriculture, Water & Rural Affairs
5/19/2017
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties note the need to codify and amend the powers and duties of the Kaufman County Fresh Water Supply District No. 1-A in order to help the district better serve its local community. H.B. 1207 seeks to achieve this goal. (Original Author's / Sponsor's Statement of Intent)

C.S.H.B. 1207 amends current law relating to the powers and duties of the Kaufman County Fresh Water Supply District No. 1-A and provides authority to issue bonds and levy assessments.

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 B, Title 6, Special District Local Laws Code, by adding Chapter 6916, as follows:

CHAPTER 6916. KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 6916.001. DEFINITIONS. Defines "board," "director," and "district."

Sec. 6916.002. NATURE OF DISTRICT. Provides that the Kaufman County Fresh Water Supply District No. 1-A (district) is a fresh water supply district created under and essential to accomplish the purposes of Section 52 (Counties, Cities, or other Political Corporations or Subdivisions; Lending Credit; Grants; Bonds), Article III (Legislative Department), and Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI (General Provisions), Texas Constitution.

Sec. 6916.003. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) Provides that the district is created to serve a public use and benefit.

(b) Provides that all land and other property included in the district will benefit from the improvements and services to be provided by the district under powers conferred by Sections 52 and 52-a (Loan or Grant of Public Money for Economic Development), Article III, and Section 59, Article XVI, Texas Constitution, and other powers granted under this chapter.

(c) Provides that the creation of the district is in the public interest and is essential to further the public purposes of developing and diversifying the economy of the state, eliminating unemployment and underemployment, and developing or expanding transportation and commerce.

(d) Provides that the district will promote certain initiatives and provide needed funding for certain purposes.

(e) Provides that pedestrian ways along or across a street, whether at grade or above or below the surface, and street lighting, street landscaping, vehicle parking, and street art objects are parts of and necessary components of a street and are considered to be an improvement project that includes a street or road improvement.

Sec. 6916.004. **APPLICABILITY OF OTHER LAW.** Provides that, except as otherwise provided by this chapter, certain laws apply to the district.

SUBCHAPTER B. POWERS AND DUTIES

Sec. 6916.051. **AUTHORITY FOR ROAD PROJECTS.** Authorizes the district, under Section 52, Article III, Texas Constitution, to design, acquire, construct, finance, issue bonds for, improve, operate, maintain, and convey to this state, a county, or a municipality for operation and maintenance macadamized, graveled, concreted, or paved roads, or improvements, including storm drainage, in aid of those roads.

Sec. 6916.052. **ROAD STANDARDS AND REQUIREMENTS.** (a) Requires that a road project meet all applicable construction standards, zoning and subdivision requirements, and regulations of each municipality in whose corporate limits or extraterritorial jurisdiction the road project is located.

(b) Requires that the road project, if a road project is not located in the corporate limits or extraterritorial jurisdiction of a municipality, meet all applicable construction standards, subdivision requirements, and regulations of each county in which the road project is located.

(c) Requires the Texas Transportation Commission, if the state will maintain and operate the road, to approve the plans and specifications of the road project.

Sec. 6916.053. **JOINT ROAD PROJECTS.** (a) Authorizes a district to contract with a state agency, political subdivision, or corporation created under Chapter 431 (Texas Transportation Corporation Act), Transportation Code, for a joint road project.

(b) Authorizes the contract to provide for joint payment of project costs and require the state agency, political subdivision, or corporation to design, construct, or improve a project, including landscaping, as provided by the contract.

Sec. 6916.054. **EXEMPTION FROM CERTAIN SUPERVISION AND APPROVAL REQUIREMENTS.** (a) Authorizes the district to reimburse expenditures as provided by Sections 257.003(a) (relating to agreements of a road district) and (b) (relating to reimbursement and purchases of a road district), Transportation Code, without the approval required by Section 257.003(c) (relating to approval of a certain construction contract by the commissioners court), Transportation Code.

(b) Authorizes the district to reimburse expenditures for a project constructed or acquired under Section 6916.051 or 6916.053 without the approval required by Section 49.107(f) (relating to approval of reimbursing a developer of property in the district), Water Code.

(c) Provides that Sections 49.181 (Authority of Commission Over Issuance of District Bonds) and 49.182 (Commission Supervision of Projects and Improvements), Water Code, and Section 375.208 (Commission Approval), Local Government Code, do not apply to:

(1) a project authorized by Section 6916.051 or 6916.053;

(2) bonds issued for a project described by Subdivision (1); or

(3) bonds issued under Chapter 372 (Improvement Districts in Municipalities and Counties), Local Government Code, as authorized by Section 8916.151(b).

Sec. 6916.055. ROAD CONTRACTS. Authorizes the district to enter into a contract for a road project in the same manner as a road district under Chapter 257 (Road Districts), Transportation Code, except that competitive bidding for a road project contract is governed by Subchapter I (Construction, Equipment, Materials, and Machinery Contracts), Chapter 49 (Provisions Applicable to All Districts), Water Code.

Sec. 6916.056. DIVISION OF DISTRICT. (a) Authorizes the district to be divided into two or more new districts only if the district has no outstanding bonded debt and is not imposing ad valorem taxes.

(b) Provides that this chapter applies to any new district created by the division of the district, and a new district has all the powers and duties of the district.

(c) Prohibits any new district created by the division of the district, at the time the new district is created, from containing any land outside the boundaries of the district as the boundaries exist on the effective date of the Act enacting this chapter.

(d) Requires the district's board of directors (board), on its own motion or on receipt of a petition signed by the owner or owners of a majority of the assessed value of the real property in the district, to adopt an order dividing the district.

(e) Requires that an order dividing the district name each new district, include the metes and bounds description of the territory of each new district, appoint temporary directors for each new district, and provide for the division of assets and liabilities between or among the new districts.

(f) Requires the district, on or before the 30th day after the date of adoption of an order dividing the district, to file the order with the Texas Commission on Environmental Quality (TCEQ) and record the order in the real property records of each county in which the district is located.

(g) Requires any new district created by the division of the district to hold a confirmation and directors' election as required by Chapter 49, Water Code.

(h) Requires the new district, if the creation of the new district is confirmed, to provide the election date and results to TCEQ.

(i) Requires any new district created by the division of the district to hold an election as required by this chapter to obtain voter approval before the district may impose a maintenance tax or issue bonds payable wholly or partly from ad valorem taxes.

SUBCHAPTER C. GENERAL FINANCIAL PROVISIONS

Sec. 6916.101. ASSESSMENTS. (a) Authorizes the district to impose an assessment on property in the district to pay for an improvement project or an obligation described by Section 6916.151 in the manner provided for a district under Subchapters A (General Provisions), E (Powers and Duties), and F (Assessments), Chapter 375 (Municipal Management Districts in General), Local Government Code, or a municipality or county under Subchapter A (Public Improvement Districts), Chapter 372, Local Government Code.

(b) Authorizes the district to impose an assessment for any district operation and maintenance or authorized improvement or supplemental service, including public safety services, in the manner provided for a district under Subchapters A, E, and F, Chapter 375, Local Government Code, or a municipality or county under Subchapter A, Chapter 372, Local Government Code.

(c) Prohibits the district from imposing an assessment on a municipality, county, or other political subdivision.

Sec. 6916.102. RESIDENTIAL PROPERTY NOT EXEMPT. Provides that Section 375.161 (Certain Residential Property Exempt), Local Government Code, does not apply to the district.

SUBCHAPTER D. BONDS

Sec. 6916.151. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS. (a) Authorizes the district, subject to Subsections (e) and (f), to issue bonds or other obligations to finance the construction, maintenance, or operation of road projects authorized by Section 6916.051 or 6916.053.

(b) Authorizes the district to issue, by public or private sale, bonds, notes, or other obligations payable wholly or partly from assessments in the manner provided by Subchapter J (Bonds), Chapter 375, Local Government Code, or Subchapter A, Chapter 372, Local Government Code, if an improvement project financed by an obligation issued under this subsection will be conveyed to or operated and maintained by a municipality or retail utility provider under an agreement between the district and the municipality or retail utility provider entered into before the issuance of the obligation.

(c) Authorizes the district to issue by competitive bidding or negotiated sale bonds or other obligations, payable wholly or partly from any available revenue of the district, to pay for an improvement project.

(d) Authorizes the district to issue by competitive bidding or negotiated sale bonds or other obligations, payable wholly or partly from any available revenue of the district or contract revenue from another district that is secured by ad valorem taxes imposed by or other revenue from the other district, to pay for a joint utility or road project.

(e) Prohibits the district from issuing bonds or other obligations payable wholly or partly 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.

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

SECTION 2. (a) Provides that the creation of the district and any act or proceeding of the district, including an election, not excepted by this section and taken not more than three years before the effective date of this Act, effective as of the date on which the act or proceeding occurred, are validated and confirmed in all respects.

(b) Provides that this section does not apply to an act, proceeding, director, other official, bond, or other obligation the validity of which or of whom is the subject of litigation that is pending on the effective date of this Act or an act or proceeding that, under a statute of this state or the United States, was a misdemeanor or felony at the time the act or proceeding occurred.

SECTION 3. 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, 2017.