

BILL ANALYSIS

Senate Research Center
86R29358 GRM-F

H.B. 4668
By: Smith (Fallon)
Intergovernmental Relations
5/18/2019
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 4668 creates the Howe Municipal Utility District No. 1. The proposed district covers approximately 468 acres located within the corporate limits of the City of Howe in Grayson County and will be created to provide necessary infrastructure for residential development. This is a template MUD. The district will have powers to issue bonds for the purpose of providing water, sewer and road infrastructure for the community, subject to voter approval. The district must also obtain voter approval at an election before imposing an ad valorem tax or issuing bonds secured by ad valorem taxes. The district may only finance a road project with bonds payable from ad valorem taxes if the issuance is approved by a two-thirds majority of district voters. The City of Howe and the property owner have already entered into a development agreement over this property, and we have a resolution from the city approving this district's formation.

H.B. 4668 amends current law relating to the creation of the Howe Municipal Utility District No. 1; grants a limited power of eminent domain; provides authority to issue bonds; and provides authority to impose assessments, fees, and taxes.

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 8100, as follows:

CHAPTER 8100. HOWE MUNICIPAL UTILITY DISTRICT NO. 1

Sets forth standard language for the creation of the Howe Municipal Utility District No. 1 (district) in the City of Howe (city). Sets forth standards, procedures, requirements, and criteria for:

Creation, purpose, and approval of the district (Sections 8100.0101–8100.0106);

Size, composition, election, and terms of the board of directors of the district, including the naming of the initial directors and provisions related to initial temporary directors (Sections 8100.0201–8100.0202);

Powers and duties of the district (Sections 8100.0301–8100.0306);

General financial provisions and authority to impose a tax (Sections 8100.0401–8100.0403); and

Authority to issue bonds and obligations for the district (Sections 8100.0501–8100.0503).

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

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. (a) Provides that if this Act does not receive a two-thirds vote of all the members elected to each house, Subchapter C, Chapter 8100, Special District Local Laws Code, as added by Section 1 of this Act, is amended by adding Section 8100.0307, as follows:

Sec. 8100.0307. NO EMINENT DOMAIN POWER. Prohibits the district from exercising the power of eminent domain.

(b) Provides that this section is not intended to be an expression of a legislative interpretation of the requirements of Section 17(c), Article I, Texas Constitution.

SECTION 5. Effective date: upon passage or September 1, 2019.