

BILL ANALYSIS

Senate Research Center
86R20918 SLB-F

H.B. 4672
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Intergovernmental Relations
5/15/2019
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Collin County Municipal Utility District No. 2 (district) was created in 2018 by the Texas Commission on Environmental Quality (TCEQ). The district currently encompasses 515.53 acres. Because the district was created by TCEQ, the district only has the power to provide water, sewer, and drainage facilities.

H.B. 4672 grants the district standard road powers in the template form, which will allow the district to finance roads, and will require the district to maintain the roads while outside the corporate limits of a municipality.

H.B. 4672 amends current law relating to the powers and duties of the Collin County Municipal Utility District No. 2, and provides authority to issue bonds and impose 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 8097, as follows:

CHAPTER 8097. COLLIN COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8097.0101. DEFINITION. Defines "district" to mean the Collin County Municipal Utility District No. 2 (district).

Sec. 8097.0102. NATURE AND PURPOSES OF DISTRICT. (a) Provides that the district is a municipal utility district in Collin County created under Section 59 (Conservation and Development of Natural Resources; Development of Parks and Recreational Facilities; Conservation and Reclamation Districts; Indebtedness and Taxation Authorized), Article XVI, Texas Constitution.

(b) Provides that the district is created to accomplish the purposes of:

(1) a municipal utility district as provided by general law and Section 59, Article XVI, Texas Constitution; and

(2) Section 52 (Restrictions on Lending Credit or Making Grants by Political Corporations or Political Subdivisions; Authorized Bonds; Investment of Funds), Article III, Texas Constitution, that relate to the construction, acquisition, improvement, operation, or maintenance of macadamized, graveled, or paved roads, or improvements, including storm drainage, in aid of those roads.

SUBCHAPTER B. POWERS AND DUTIES

Sec. 8097.0201. 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. 8097.0202. 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. 8097.0203. 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, or paved roads, or improvements, including storm drainage, in aid of those roads.

Sec. 8097.0204. ROAD STANDARDS AND REQUIREMENTS. (a) Requires a road project to meet all applicable construction standards and regulations of each municipality in whose corporate limits or extraterritorial jurisdiction the road project is located.

(b) Requires a road project, if the road project is not located in the corporate limits or extraterritorial jurisdiction of a municipality, to meet all applicable construction standards 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. 8097.0205. MAINTENANCE OF ROADS IN TERRITORY OUTSIDE CORPORATE LIMITS OF CITY. Requires the district, if district territory, or a portion of district territory, is located outside the corporate limits of the city, to maintain any road the district constructs located in that territory.

SUBCHAPTER C. BONDS AND OTHER OBLIGATIONS

Sec. 8097.0301. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS FOR ROAD PROJECTS. (a) Authorizes the district to issue bonds or other obligations payable wholly or partly from ad valorem taxes, revenue, contract payments, grants, or other district money, or any combination of those sources, to pay for a road project authorized by Section 8097.0203.

(b) 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.

(c) 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.

Sec. 8097.0302. TAXES FOR BONDS. Requires the district, 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.

SECTION 2. Provides that the district retains all the rights, powers, privileges, authority, duties, and functions that it had before the effective date of this Act.

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, 2019.