

BILL ANALYSIS

Senate Research Center

S.B. 2506
By: Creighton
Intergovernmental Relations
4/7/2019
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, a municipal utility district (district) created by the Texas legislature may receive either "limited" road powers or "full" road powers, and a district created by the Texas Commission on Environmental Quality (TCEQ) may only receive "limited" road powers. S.B. 2506 allows a district to receive "full" road powers regardless of the method of creation.

Additionally, a district that contains 1,500 acres or more is currently authorized to designate defined areas. S.B. 2506 lowers such threshold to 1,000 acres. The bill also streamlines the process and procedures for designation of a defined area by a district.

As proposed, S.B. 2506 amends Chapter 54, Texas Water Code, relating to the powers and authorities of municipal utility districts.

As proposed, S.B. 2506 amends current law relating to the powers and authorities of municipal utility districts.

Note: While statutory language references in this bill are the Texas Natural Resources Conservation Commission (TNRCC), the changes in law made by this legislation affect the Texas Commission Environmental Quality as successor agency to TNRCC.

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 Section 54.234(a), Water Code, as follows:

(a) Authorizes any district or any petitioner seeking the creation of a district to petition the Texas Natural Resource Conservation Commission (TNRCC) to acquire the power under the authority of Article III, Section 52, Texas Constitution, to design, acquire, construct, finance, issue bonds for, operate, maintain, and convey to this state, a county, or a municipality for operation and maintenance, a road or any improvement in aid of the road, rather than authorizing any district or any petitioner seeking the creation of a district to petition TNRCC to acquire the power under the authority of Article III, Section 52, Texas Constitution, to design, acquire, construct, finance, issue bonds for, and convey to this state, a county, or a municipality for operation and maintenance, a road described by Subsection (b) or any improvement in aid of the road.

SECTION 2. Amends Section 54.801(a), Water Code, as follows:

(a) Authorizes a district that is composed of at least 1,000 acres, rather than at least 1,500 acres, to define areas or designate certain property of the district to pay for improvements, facilities, or services that primarily benefit that area or property and do not generally and directly benefit the district as a whole.

SECTION 3. Amends Section 54.802(b), Water Code, as follows:

(b) Requires the board of directors of a municipal utility district (board; district) to file an engineer's for improvements in the defined area or to serve the designated property, rather than requiring the board to adopt a proposed plan for improvements in the defined area or to serve the designated property in the manner provided by Section 49.106 (Bond Elections).

SECTION 4. Amends Section 54.805, Water Code, to authorize the district, on adoption of the proposed plan as provided by this subchapter (Services For Certain Defined Areas and Designated Property) and voter approval of taxes and bonds, under the limitations of this subchapter, to apply separately, differently, equitably, and specifically its taxing power and lien authority to the defined area or designated property to provide money to construct, administer, maintain, and operate improvements and facilities that primarily benefit the defined area or designated property, rather than authorizing the board, on adoption of the plans as provided by Section 54.804 (Order of Adopting Plans For Defined Area or Designated Property) of this code and voter approval of the plans, the district, under the limitations of this subchapter, to apply separately, differently, equitably, and specifically its taxing power and lien authority to the defined area or designated property to provide money to construct, administer, maintain, and operate improvements and facilities that primarily benefit the defined area or designated property.

SECTION 5. Amends Section 54.806(a), Water Code, as follows:

(a) Requires bonds and taxes, before bonds are authorized to be issued or taxes are authorized to be levied for the defined area or designated property, to be approved by the voters in the defined area or within the boundaries of the designated property, rather than requiring the adopted plans, before they are authorized to become effective, to be approved by the voters in the defined area or within the boundaries of the designated property. Requires the election to be conducted as provided by Section 49. for an election to authorize the issuance of bonds or Section 49.107 (Operation and Maintenance Tax) for an election to authorize an operation and maintenance tax, rather than requiring the election to be conducted as provided by Section 49.106 for an election to authorize the issuance of bonds.

SECTION 6. Amends Section 54.809, Water Code, to authorize the district, after approval by the voters, to issue its bonds and levy taxes to provide the specific plant, works, and facilities included in the engineer's report for the defined area, or to serve the designated property, rather authorizing the district, after the order is recorded, to issue its bonds to provide the specific plant, works, and facilities included in the plans adopted for the defined area, or to serve the designated property and is required to provide the plant, works, and facilities.

SECTION 7. Amends Section 54.812(b), Water Code, as follows:

(b) Requires the prescribed notice to be inserted into the general notice after the first sentence and to read substantially as follows: "The real property described below, which you are about to purchase, may also be located within a defined area of the district and your land may be subject to defined area taxes in addition to the other taxes of the district. As of this date, the additional rate of taxes within the defined area is \$_____ on each \$100 of assessed valuation" rather than requiring the prescribed notice to be inserted into the general notice after the first sentence and requiring it to read as follows: "The real property described below, which you are about to purchase, is also located within a designated area of the district and your land will be subject to a higher tax than other land within the district. Your rate of taxes will be higher by \$_____ on each \$100 of assessed valuation than land not within the designated area."

SECTION 8. Repealer: Section 54.234(b) (relating to requiring certain roads to meet certain criteria), Water Code.

Repealer: Section 54.803 (Notice of Adoption of Plans For Defined Area or Designated Property), Water Code.

Repealer: Section 54.804(a) (relating to authorizing the board, after hearing, to approve a proposed plans), Water Code.

Repealer: Section 54.807 (Ballots), Water Code.

Repealer: Section 54.808 (Declaring Result and Issuing Order), Water Code.

SECTION 9. Effective date: upon passage or September 1, 2019.