

BILL ANALYSIS

Senate Research Center
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S.B. 2520
By: Bettencourt
Intergovernmental Relations
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Harris County has informed Cy-Champ that the county would like to improve the infrastructure serving an area located south of FM 1960 that is currently outside Cy-Champ's boundaries, in order to enable redevelopment of the property, and has asked that Cy-Champ consider participating with the county in the necessary improvement projects. Cy-Champ would like to be in a position to do so, but the improvements needed include road upgrades and Cy-Champ presently lacks road powers. Also, the area in question is separate and distinct from the residential subdivisions currently located within Cy-Champ, and Cy-Champ would therefore like to be able to create a defined area so that taxes to support the infrastructure improvement projects could be limited to the area served by the improvements. Accordingly, Cy-Champ is seeking road powers and defined area authority to enable it to participate with Harris County in these projects if the property owners so desire. Their property could not be annexed by Cy-Champ without the owner's consent, or the consent of the owners of a majority in value of the property followed by an election.

As proposed, S.B. 2520 amends current law relating to the powers and duties of the Cy-Champ Public Utility District, provides authority to issue bonds, and provides authority to impose a tax.

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 Sections 8178.003(b) and (c), Special District Local Laws Code, as follows:

(b) Provides that all land and other property included in the boundaries of the Cy-Champ Public Utility District (district) will benefit from the works and projects accomplished by the district under the powers conferred by 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, and Section 52 (Restrictions on Lending Credit or Making Grants by Political Corporations or Political Subdivisions; Authorized Bonds; Investment of Funds), Article III, Texas Constitution, rather than conferred by Section 59, Article XVI, Texas Constitution.

(c) Provides that the creation of the district is essential to accomplish the purposes of:

(1) creates this subdivision from existing text and provides that the creation of the district is essential to accomplish the purposes of a municipal utility district as provided by general law and Section 59, Article XVI, Texas Constitution, rather than the purposes of Section 59, Article XVI, Texas Constitution; and

(2) Section 52, 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.

SECTION 2. Amends Subchapter C, Chapter 8178, Special District Local Laws Code, by adding Sections 8178.102, 8178.103, 8178.104, and 8178.105, as follows:

Sec. 8178.102. **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. 8178.103. **ROAD STANDARDS AND REQUIREMENTS.** (a) Requires a road project to 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 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, 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. 8178.104. **AUTHORITY TO ESTABLISH DEFINED AREAS.** Authorizes the district, notwithstanding the acreage requirement under Section 54.801(a) (relating to authorizing certain districts to define areas or designate certain property of the district to pay for certain improvements, facilities, or services), Water Code, to establish and administer defined areas as provided by Subchapter J (Services For Certain Defined Areas and Designated Property), Chapter 54, Water Code.

Sec. 8178.105. **ADDITION OR EXCLUSION OF LAND IN DEFINED AREA.** Authorizes the district to add or exclude land from the defined areas in the same manner the district is authorized to add or exclude land from the district.

SECTION 3. Amends Chapter 8178, Special District Local Laws Code, by adding Subchapter D, as follows:

SUBCHAPTER D. BONDS AND OTHER OBLIGATIONS FOR ROAD PROJECTS

Sec. 8178.151. **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, impact fees, revenue, contract payments, grants, or other district money, or any combination of those sources, to pay for a road project authorized by Section 8178.102.

(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 outstanding 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. 8178.152. **TAXES FOR ROAD BONDS.** Requires the district, at the time the district issues bonds for road projects 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 as required and in the manner provided by Sections 54.601 (Tax Levy For Bonds) and 54.602 (Establishment of Tax Rate in Each Year), Water Code.

SECTION 4. 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 5. (a) Provides that the legislature validates and confirms all governmental acts and proceedings of the board of directors of the district that were taken before the effective date of this Act.

(b) Provides that this section does not apply to any matter that on the effective date of this Act:

(1) is involved in litigation if the litigation ultimately results in the matter being held invalid by a final court judgment; or

(2) has been held invalid by a final court judgment.

SECTION 6. 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 7. Effective date: upon passage or September 1, 2019.