

BILL ANALYSIS

Senate Research Center
87R16572 MP-F

H.B. 1410
By: Murphy; Israel (Creighton)
Local Government
4/26/2021
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

State law limits the amount of certain water district bonds that may be issued to finance parks and recreational facilities at one percent of a district's taxable property value. Bonds for other improvements such as water, sewage, drainage, or roads are not restricted as such. Certain communities would like more park development than what is currently allowed and would like the opportunity to vote on this increased spending as a matter of local concern. H.B. 1410 seeks to address this issue by allowing that one percent limit to be exceeded under certain conditions so that impacted districts can have an expanded ability to develop important and impactful green spaces and natural areas while ensuring that existing governmental and voter safeguards remain.

H.B. 1410 amends current law relating to the issuance of bonds by certain conservation and reclamation districts.

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 49.4645, Water Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Creates an exception under Subsection (a-1) to the prohibition on the outstanding principal amount of bonds, notes, and other obligations issued to finance parks and recreational facilities supported by ad valorem taxes from exceeding an amount equal to one percent of the value of the taxable property in the district as shown by the tax rolls of the central appraisal district at the time of the issuance of the bonds, notes, and other obligations. Deletes existing text prohibiting the outstanding principal amount of bonds, notes, and other obligations issued to finance parks and recreational facilities supported by ad valorem taxes, if supported by contract taxes under Section 49.108 (Contract Elections), from exceeding an amount equal to one percent of the value of the taxable property in the districts making payments under the contract as shown by the tax rolls of the central appraisal district at the time of the issuance of the bonds, notes, and other obligations, or an amount greater than the estimated cost provided in the park plan under Subsection (b) (relating to the required filing of a park plan), whichever is smaller.

(a-1) Authorizes the outstanding principal amount of bonds, notes, and other obligations issued to finance a recreational facility under Subsection (a) to exceed one percent of the value of the taxable property in the district if the district has:

- (1) a ratio of debt to certified assessed valuation of 10 percent or less;
- (2) a credit rating that conforms to Texas Commission on Environmental Quality (TCEQ) rules;
- (3) a credit enhanced rating on the district's proposed bond issue that conforms to TCEQ rules; or

(4) a contract with a political subdivision or an entity acting on behalf of a political subdivision under which the political subdivision or the entity agrees to provide to the district taxes or other revenues, as consideration for the district's development or acquisition of the facility, including a contract under Section 49.108 (Contract Elections).

SECTION 2. Amends Section 54.016(e), Water Code, as follows:

(e) Authorizes the city's consent to the inclusion of land in a district to restrict the purposes for which a district is authorized to issue bonds to purposes authorized by law for the district.

Deletes existing text authorizing the city's consent to the inclusion of land in a district to restrict the purposes for which a district is authorized to issue bonds to the purposes of the purchase, construction, acquisition, repair, extension and improvement of land, easements, works, improvements, facilities, plants, equipment and appliances necessary to provide a water supply for municipal uses, domestic uses and commercial purposes; collect, transport, process, dispose of and control all domestic, industrial or communal wastes whether in fluid, solid or composite state; and gather, conduct, divert and control local storm water or other local harmful excesses of water in the district and the payment of organization expenses, operation expenses during construction and interest during construction.

SECTION 3. Provides that the change in law made by this Act to Section 54.016(e), Water Code, does not affect the terms of a city's resolution or ordinance adopted before the effective date of this Act that constitutes a written consent under Section 54.016 (Consent of City) of that code.

SECTION 4. Effective date: upon passage or September 1, 2021.