

**BILL ANALYSIS**

Senate Research Center  
88R20017 MP-F

H.B. 5396  
By: Metcalf (Creighton)  
Local Government  
5/17/2023  
Engrossed

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Stanley Lake Municipal Utility District (district) was created in 1972 by the Texas Water Commission, predecessor to the Texas Commission on Environmental Quality. H.B. 5396 proposes to grant the district the power to undertake certain road projects and to establish defined areas.

Road infrastructure is necessary to promote the development of the area within the district.

Defined areas are designated to pay for improvements, facilities, or services that primarily benefit the area and do not directly benefit the district as a whole. In designating a defined area, the district may use taxes and revenues derived from the defined area to specifically benefit the defined area.

H.B. 5396 authorizes the district, subject to certain requirements, to issue bonds and other obligations and impose property taxes.

There is no known opposition to this legislation.

H.B. 5396 amends current law relating to the powers and duties of the Stanley Lake Municipal Utility District, provides authority to issue bonds, and provides authority to 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 7983A, as follows:

CHAPTER 7983A. STANLEY LAKE MUNICIPAL UTILITY DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 7983A.0101. DEFINITIONS. Defines "board" and "district."

Sec. 7983A.0102. NATURE OF DISTRICT. Provides that the Stanley Lake Municipal Utility District (district) is a municipal utility district 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 (General Provisions), Texas Constitution.

Sec. 7983A.0103. FINDINGS OF PUBLIC PURPOSE AND BENEFIT. (a) Provides that the district is created to serve a public purpose and benefit.

(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 (Legislative Department), 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. 7983A.0201. GENERAL POWERS AND DUTIES. (a) Provides that the district has the powers and duties necessary to accomplish the purposes for which the district is created.

(b) 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. 7983A.0202. 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. 7983A.0203. 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 the road project to meet all applicable construction standards, subdivision requirements, and regulations of each county in which the road project is located, if a road project is not located in the corporate limits or extraterritorial jurisdiction of a municipality.

(c) Requires the Texas Transportation Commission to approve the plans and specifications of the road project, if the state will maintain and operate the road.

#### SUBCHAPTER C. DEFINED AREAS

Sec. 7983A.0301. AUTHORITY TO ESTABLISH DEFINED AREAS OR DESIGNATED PROPERTY. Authorizes the district 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.

Sec. 7983A.0302. PROCEDURE FOR ELECTION. (a) Requires the district's board of directors (board), before the district is authorized to impose an ad valorem tax applicable only to the defined area or designated property or issue bonds payable from ad valorem taxes of the defined area or designated property, to hold an election in the defined area or in the designated property only.

(b) Authorizes the board to submit the issues to the voters on the same ballot to be used in another election.

Sec. 7983A.0303. DECLARING RESULT AND ISSUING ORDER. (a) Requires the board to declare the results and, by order, to establish the defined area and describe it by

metes and bounds or designate the specific property if a majority of the voters voting at the election approve the proposition or propositions.

(b) Prohibits a court from reviewing the board's order except on the ground of fraud, palpable error, or arbitrary and confiscatory abuse of discretion.

Sec. 7983A.0304. TAXES FOR SERVICES, IMPROVEMENTS, AND FACILITIES IN DEFINED AREAS OR DESIGNATED PROPERTY. Authorizes the district, on voter approval and adoption of the order described by Section 7983A.0303, 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 services, improvements, and facilities that primarily benefit the defined area or designated property.

Sec. 7983A.0305. ISSUANCE OF BONDS FOR DEFINED AREA OR DESIGNATED PROPERTY. Authorizes the district, after the order under Section 7983A.0303 is adopted, to issue bonds to provide for any land, improvements, facilities, plants, equipment, and appliances for the defined area or designated property.

#### SUBCHAPTER D. BONDS AND OTHER OBLIGATIONS

Sec. 7983A.0401. 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 7983A.0202.

(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.

Sec. 7983A.0402. TAXES FOR BONDS. Requires the board 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, at the time the district issues bonds payable wholly or partly from ad valorem taxes.

Sec. 7983A.0403. BONDS FOR ROAD PROJECTS. 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.

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

SECTION 3. (a) Provides that the legislature validates and confirms all governmental acts and proceedings of the Stanley Lake Municipal Utility 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 4. 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 5. Effective date: upon passage or September 1, 2023.