

BILL ANALYSIS

Senate Research Center
88R27533 LRM-F

H.B. 5412
By: Kitzman (Kolkhorst)
Local Government
5/17/2023
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Waller County Municipal Utility District No. 3 (district) was created in 2007 by the Texas Legislature. H.B. 5412 proposes to grant the district division powers and the power to undertake certain road projects.

Division powers allow a district to divide after it has been created. Division powers provide for flexibility in land planning over large tracts, allowing district boundaries to be established by the final land plan, rather than an arbitrary line at creation. Additionally, division powers allow for an advantageous tax structure for residents. Residents benefit by seeing their tax rates drop sooner in a smaller district.

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

The bill 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. 5412 amends current law relating to the powers and duties of the Waller County Municipal Utility District No. 3.

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 8237.103, Special District Local Laws Code, by adding Subsection (a-1), as follows:

(a-1) Authorizes the Waller County Municipal Utility District No 3. (district) 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.

SECTION 2. Amends Subchapter C, Chapter 8237, Special District Local Laws Code, by adding Section 8237.105, as follows:

Sec. 8237.105. DIVISION OF DISTRICT. (a) Authorizes the board of directors of the district (board), on its own motion or on receipt of a petition signed by the owner or owners of a majority of the assessed value of the real property in the district, to adopt an order dividing the district.

(b) Authorizes an order dividing the district to create one or more new districts and to provide for the continuation of the district.

(c) Requires that an order dividing the district:

- (1) name any new district;
- (2) include the metes and bounds description of the territory of each of the districts;
- (3) appoint temporary directors for any new district; and
- (4) provide for the division of assets and liabilities between the districts.

(d) Authorizes the board to adopt an order dividing the district before or after the date the board holds an election to confirm the district's creation.

(e) Authorizes the district to be divided only if the district:

- (1) has never issued any bonds; and
- (2) is not imposing ad valorem taxes.

(f) Prohibits a new district created by the division of the district from, at the time the new district is created, containing any land outside the area described by Section 2 of the Act enacting Chapter 8237 (Waller County Municipal Utility District No 3).

(g) Requires the district, on or before the 30th day after the date of adoption of an order dividing the district, to file the order with the Texas Commission on Environmental Quality (TCEQ) and record the order in the real property records of each county in which the district is located.

(h) Provides that this chapter applies to any new district created by the division of the district, and a new district has all the powers and duties of the district.

(i) Requires a new district created by the division of the district to hold a confirmation and directors' election.

(j) Requires the new district, if the creation of the new district is confirmed, to provide the election date and results to TCEQ.

(k) Requires a new district created by the division of the district to hold an election as required by this chapter to obtain voter approval before the district is authorized to impose a maintenance tax or issue bonds payable wholly or partly from ad valorem taxes.

(l) Authorizes the district to continue to rely on confirmation, directors', bond, and tax elections held before the division.

(m) Provides that municipal consent to the creation of the district and to the inclusion of land in the district acts as municipal consent to the creation of any new district created by the division of the district and to the inclusion of land in the new district.

SECTION 3. Repealers: Sections 8237.103(b) (relating to requiring the district to employ or contract with a licensed engineer to certify whether a proposed road project meets the criteria for a thoroughfare, arterial, or collector road of certain entities) and (c) (relating to authorizing the district to finance, construct, or acquire a road that has been certified by the licensed engineer as a thoroughfare, arterial, or collector road, or any improvements in aid of the certified road), Special District Local Laws Code.

Repealer: Section 8237.103(e) (relating to authorizing the district to convey a completed road project to certain entities), Special District Local Laws 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 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 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, 2023.