

## **BILL ANALYSIS**

Senate Research Center  
82R6456 SGA-F

H.B. 2238  
By: Creighton (Nichols)  
Intergovernmental Relations  
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Engrossed

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

Montgomery County Municipal Utility District No. 112 (district) was created by order of the Texas Commission on Environmental Quality in 2006. The district contains 388 acres and is wholly located within the extraterritorial jurisdiction of the City of Conroe (city). This continues to be a successful development even during these challenging times, and there are approximately 300 homes located within the district. The city consented to the creation of the district. In conjunction with the city granting its consent to the creation of the district, the city and the district entered into a strategic partnership agreement which allows for the district to be annexed into the city after 2037 and become a "limited district" for the purpose of paying off its then outstanding debt. A recent court case interpreting Section 54.016(f) (relating to an allocation agreement between a district and a city), Water Code, provides that the combined tax rate between the city and the limited district cannot exceed the city's tax rate, but does not provide for any allocation between the parties. Such uncertainty interferes with the ability of the district to issue its debt as some of its debt will mature beyond 2037. The proposed legislation releases the parties from the limitation of Section 54.016(f) and will allow them to address the issue if it arises.

H.B. 2238 amends current law relating to the powers and duties of the Montgomery County Municipal Utility District No. 112.

### **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 8370, as follows:

#### CHAPTER 8370. MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 112

##### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8370.001. DEFINITION. Defines, in this chapter, "district."

[Reserves Sections 8370.002-8370.1000 for expansion]

##### SUBCHAPTER B. POWERS AND DUTIES

Sec. 8370.101. MUNICIPAL UTILITY DISTRICT POWERS AND DUTIES. Provides that the Montgomery County Municipal Utility District No. 112 (district) has the powers and duties provided by the general law of this state, including Chapter 49 (Provisions Applicable to All Districts) and 54 (Municipal Utility Districts), Water Code, applicable to municipal utility districts created under Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI (General Provisions), Texas Constitution.

Sec. 8370.102. NO ALLOCATION AGREEMENT. Provides that Section 54.016(f) (relating to a city authorized to provide written consent for inclusion of land in the district), Water Code, does not apply to the district.

SECTION 2. 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 3. Effective date: September 1, 2011.