

BILL ANALYSIS

Senate Research Center
84R20073 TSR-F

H.B. 4185
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Intergovernmental Relations
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Headwaters Municipal Utility District was created over 1,503.5 acres located east of the City of Dripping Springs and north of US Highway 290 in Hays County, Texas. Freehold Capital Management, LLC (FCM) will develop the residential development on behalf of WFC Headwaters VII, LLC.

The Headwaters tract lies wholly within Hays County. Hays County, along with Dripping Springs, will review subdivision plats and roadway and drainage improvement plans. Project roads constructed by the developer and located in the city's extraterritorial jurisdiction will be dedicated to the county. All subdivisions and publicly accepted improvements (except improvements to State of Texas roadways) will have to meet or exceed the county's standard requirements and specifications.

H.B. 4185 amends current law relating to the powers and duties of the Headwaters Municipal Utility District and provides authority to issue bonds and impose 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 7951, as follows:

CHAPTER 7951. HEADWATERS MUNICIPAL UTILITY DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 7951.001. DEFINITION. Defines "district."

Sec. 7951.002. NATURE AND PURPOSES OF DISTRICT. (a) Provides that the Headquarters Municipal Utility District (district) is a municipal utility district created under Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI, Texas Constitution.

(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 (Counties, Cities or Other Political Corporations or Subdivisions; Lending Credit; Grants; Bonds), 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.

SUBCHAPTER B. POWERS AND DUTIES

Sec. 7951.051. GENERAL POWERS AND DUTIES. Provides that the district has the powers and duties necessary to accomplish the purposes for which the district is created.

Sec. 7951.052. MUNICIPAL UTILITY DISTRICT POWERS AND DUTIES. 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. 7951.053. 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. 7951.054. ROAD STANDARDS AND REQUIREMENTS. (a) Requires that a road project 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 that the road project 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. BONDS AND OTHER OBLIGATIONS

Sec. 7951.101. 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, revenue, contract payments, grants, or other district money, or any combination of those sources, to pay for a road project authorized by Section 7951.053.

(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 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. 7951.102. TAXES FOR BONDS. Requires the district, at the time the district issues bonds 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 2. Provides that the 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 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 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, 2015.