

## **BILL ANALYSIS**

Senate Research Center  
85R11292 TSR-F

H.B. 4272  
By: Oliverson (Kolkhorst)  
Administration  
5/17/2017  
Engrossed

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

This local bill is proposed to create Harris County Municipal Utility District No. 554 (district).

Municipal utility districts (MUDs) and other water districts are widely used in the greater Houston region to provide essential water, sewer, drainage, parks, and road infrastructure to the areas within their boundaries. In the greater Houston region, there are over 750 active water districts.

This district is proposed to cover approximately 96 acres of currently raw, undeveloped land. The proposed development plans for this district include commercial and multi-family uses. Daikin, one of the world's leading air conditioning manufacturers which recently acquired Houston-based Goodman Global Group, recently completed construction of its new 4.2-million-square-foot manufacturing campus near the proposed district. The proposed creation of the district is in response to the city's request for affordably-priced, in-city housing for the 5,000-plus employees, and commercial space for suppliers, as Daikin is consolidating all of its North American operations at this new campus. Currently, a portion of the property is within the city's corporate limits and the remainder is in the city's extraterritorial jurisdiction (ETJ). By landowner petition and agreement with the city, the property currently in the ETJ will be annexed into the city. Thus, all of the property included in the proposed district will be inside the city.

The proposed draft legislation utilizes the MUD "template" approved by and used in prior sessions by the house and senate committees and the Texas Legislative Council.

No objections are anticipated for this local bill. The city has adopted a resolution in support of the creation of the district. The sole land owner, Cunningham Interests II, Ltd., initiated the creation of a MUD over this property. Cunningham Interests is a real estate investor that owns various tracts around the Houston area.

H.B. 4272 amends current law relating to the creation of the Harris County Municipal Utility District No. 554, grants a limited power of eminent domain, provides authority to issue bonds, and provides authority to impose assessments, 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 7998, as follows:

#### CHAPTER 7998. HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 554

Sets forth standard language for the creation of the Harris County Municipal Utility District No. 554 (district) in Harris County. Sets forth standards, procedures, requirements, and criteria for:

Creation and approval of the district (Sections 7998.001-7998.050);

Size, composition, election, and terms of the board of directors of the district, including temporary directors (Sections 7998.051-7998.100);

Powers and duties of the district (Sections 7998.101-7998.150); and

General financial provisions and authority to impose a tax and to issue bonds and obligations for the district (Sections 7998.151-7998.203).

SECTION 2. Sets forth the initial boundaries of the district.

SECTION 3. 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 4. (a) Provides that if this Act does not receive a two-thirds vote of all the members elected to each house, Subchapter C (Powers and Duties), Chapter 7998, Special District Local Laws Code, as added by Section 1 of this Act, is amended by adding Section 7998.106, as follows:

Sec. 7998.106. NO EMINENT DOMAIN POWER. Prohibits the district from exercising the power of eminent domain.

(b) Provides that this section is not intended to be an expression of a legislative interpretation of the requirements of Section 17(c) (relating to authorizing the legislature to enact a general, local, or special law granting the power of eminent domain), Article I (Bill of Rights), Texas Constitution.

SECTION 5. Effective date: upon passage or September 1, 2017.