

BILL ANALYSIS

Senate Research Center
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S.B. 2481
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Montgomery County Municipal Utility District No. 164 (district) was created in 2018 by the Texas Commission on Environmental Quality. S.B. 2481 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. Finally, 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.

As proposed, S.B. 2481 amends current law relating to the powers and duties of the Montgomery County Municipal Utility District No. 164; provides authority to issue bonds; and provides authority to impose a tax.

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 8096, as follows:

CHAPTER 8096. MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 164

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8096.0101. DEFINITIONS. Defines "board" as the district's board of directors and defines "district" as the Montgomery County Municipal Utility District No. 164.

Sec. 8096.0102. NATURE AND PURPOSES OF DISTRICT. (a) Provides that the district is a municipal utility district created under Section 59, Article XVI, Texas Constitution.

(b) Provides that the district is created to accomplish the purposes of a municipal utility district as provided by general law and Section 59, Article XVI, Texas Constitution and Section 52, 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. 8096.0201. 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. 8096.0202. 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. 8096.0203. 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. 8096.0204. 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, if a road project is not located in the corporate limits or extraterritorial jurisdiction of a municipality, to meet all applicable construction standards, subdivision requirements, and regulations of each county in which the road project is located.

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

Sec. 8096.0205. DIVISION OF DISTRICT. (a) Authorizes the district to be divided into two or more new districts only if the district has never issued any bonds and is not imposing ad valorem taxes.

(b) 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.

(c) Prohibits any new district created by the division of the district from, at the time the new district is created, containing any land outside the area of the district as it existed on January 1, 2019.

(d) Authorizes the 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.

(e) Authorizes the board to adopt an order dividing the district before or after the date the board holds an election under Section 49.102 (Confirmation and Director Election), Water Code, to confirm the creation of the district.

(f) Requires an order dividing the district to name each new district, include the metes and bounds description of the territory of each new district, appoint temporary directors for each new district, and provide for the division of assets and liabilities between or among the new districts.

(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) Requires any new district created by the division of the district to hold a confirmation and directors' election as required by Section 49.102, Water Code.

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

(j) Requires any new district created by the division of the district to hold an election as required by Section 49.107 (Operation and Maintenance Tax), Water Code, and 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.

(k) 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.

SUBCHAPTER C. BONDS AND OTHER OBLIGATIONS

Sec. 8096.0301. **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 8096.0203.

(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, at the time of issuance, the total principal amount of bonds or other obligations issued or incurred to finance road projects and payable from ad valorem taxes from exceeding one-fourth of the assessed value of the real property in the district.

Sec. 8096.0302. **TAXES FOR BONDS.** Requires the board, 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 and 54.602, Water Code.

SECTION 2. Provides that the Montgomery County Municipal Utility District No. 164 retains all the 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 Montgomery County Municipal Utility District No. 164 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 is involved in litigation if the litigation ultimately results in the matter being held invalid by a final court judgment or 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, 2019.