

## **BILL ANALYSIS**

S.B. 2035  
By: Kolkhorst  
Special Purpose Districts  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

S.B. 2035 creates Chapter 3840, Special District Local Law Code, relating to Katy Management District No. 1. The legislation serves as a conversion—converting the existing Harris-Fort Bend Counties Municipal Utility District No. 4 to Katy Management District No. 1.

The district was originally created as a municipal utility district (MUD) in the City of Katy to provide water, sewer, and drainage service to a commercial area. At this point, the development of the commercial area has been a tremendous success. However, both the MUD and the City of Katy desire to convert the existing MUD to a municipal management district to provide additional flexibility to the district in undertaking relevant projects within its boundaries.

S.B. 2035 converts the MUD to a municipal management district, subject to Chapter 375, Local Government Code, relating to management districts. The powers and authorities that would result from the conversion will allow for the district to provide additional services and engage in additional projects, such as providing security, additional lighting, landscaping, and other services typical to municipal management districts in the Greater Houston area.

S.B. 2035 relates to the conversion of the Harris-Fort Bend Counties Municipal Utility District No. 4 to the Katy Management District No. 1, provides authority to issue bonds, and provides authority to impose assessments, fees, or taxes.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

SECTION 1. Provides that the Harris-Fort Bend Counties Municipal Utility District No. 4 is converted to the Katy Management District No. 1 and is governed by Chapter 3935, Special District Local Laws Code, as added by this Act.

SECTION 2. Amends Subtitle C, Title 4, Special District Local Laws Code, by adding Chapter 3935, as follows:

#### CHAPTER 3935. KATY MANAGEMENT DISTRICT NO. 1

Sets forth standard language for the creation of the Katy Management District No. 1 (district). Sets forth standards, procedures, requirements, and criteria for:

Creation and approval of the district, including provisions related to definitions; nature of district and conversion; purpose and declaration of intent; findings of benefit

and public purpose; initial district territory; applicability of municipal management districts law; and constructions of chapter (Sections 3935.001-3935.007);

Size, composition, election, and terms of the board of directors of the district, including provisions related to governing body and terms; appointment of voting directors; nonvoting directors; quorum; compensation; and initial voting directors on conversion to management district (Sections 3935.051-3935.056);

Powers and duties of the district, including provisions related to general powers and duties; improvements projects and services; municipal utility district powers and duties; development corporation powers; nonprofit corporation; agreements and grants; law enforcement services; membership in charitable organizations; economic development; parking facilities; annexation of land; and approval by city (Sections 3935.101-3935.112);

General financial provisions and assessments of the district, including provisions related to disbursements and transfers of money; money used for improvements or services; petition required for financing services and improvements with assessments; assessments and liens for assessments; and tax and assessment abatement (Sections 3935.151-3935.155);

Taxes and bonds of the district, including provisions related to elections regarding taxes and bonds; operation and maintenance tax; contract taxes; authority to borrow money and to issue bonds and other obligations; taxes for bonds; and city not required to pay district obligations (Sections 3935.201-3935.206).

SECTION 3. Provides that the Katy Management District No. 1 retains all rights, powers, privileges, authority, duties, and functions that the Harris-Fort Bend Counties Municipal Utility District No. 4 had before the effective date of this Act, except as otherwise expressly provided by Chapter 3935, Special District Local Laws Code, as added by this Act.

SECTION 4. (a) Provides that the legislature validates and confirms all governmental acts and proceedings of the Harris-Fort Bend Counties Municipal Utility District No. 4 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 5. 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 6. Provides for the effective date of this Act.

### **EFFECTIVE DATE**

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2015.