

## **BILL ANALYSIS**

C.S.H.B. 2031  
By: Lang  
Special Purpose Districts  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties contend that undeveloped land located within the Cresson Crossroads development would benefit from the creation of a municipal utility district. C.S.H.B. 2031 seeks to provide for the creation of such a district.

### **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**

C.S.H.B. 2031 amends the Special District Local Laws Code to create the Cresson Crossroads Municipal Utility District No. 2, subject to municipal consent and voter approval at a confirmation election. The bill grants the district the power to undertake certain road projects and provides for compliance with municipal regulations and the division of the district. The bill authorizes the district, subject to certain requirements, to issue obligations and impose property, operation and maintenance, and contract taxes. The bill expressly prohibits the district from exercising the power of eminent domain if the bill does not receive a two-thirds vote of all the members elected to each house.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2017.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 2031 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

#### **INTRODUCED**

SECTION 1. Subtitle F, Title 6, Special District Local Laws Code, is amended by adding Chapter 7968 to read as follows:  
CHAPTER 7968. CRESSON CROSSROADS MUNICIPAL UTILITY

#### **HOUSE COMMITTEE SUBSTITUTE**

SECTION 1. Subtitle F, Title 6, Special District Local Laws Code, is amended by adding Chapter 7968 to read as follows:  
CHAPTER 7968. CRESSON CROSSROADS MUNICIPAL UTILITY

DISTRICT NO. 2

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 7968.001. DEFINITIONS.

Sec. 7968.002. NATURE OF DISTRICT.

Sec. 7968.003. CONFIRMATION AND DIRECTORS' ELECTION REQUIRED.

Sec. 7968.004. CONSENT OF MUNICIPALITY REQUIRED.

Sec. 7968.005. FINDINGS OF PUBLIC PURPOSE AND BENEFIT.

Sec. 7968.006. INITIAL DISTRICT TERRITORY.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 7968.051. GOVERNING BODY; TERMS.

Sec. 7968.052. TEMPORARY DIRECTORS.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 7968.101. GENERAL POWERS AND DUTIES.

Sec. 7968.102. MUNICIPAL UTILITY DISTRICT POWERS AND DUTIES.

Sec. 7968.103. AUTHORITY FOR ROAD PROJECTS.

Sec. 7968.104. ROAD STANDARDS AND REQUIREMENTS.

Sec. 7968.105. COMPLIANCE WITH MUNICIPAL REGULATIONS.

Sec. 7968.106. COMPLIANCE WITH MUNICIPAL CONSENT ORDINANCE OR RESOLUTION.

Sec. 7968.107. DIVISION OF DISTRICT.  
(a) The original district or any lands added to the district may be divided into two or more new districts in the manner specified

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Sec. 7968.104. ROAD STANDARDS AND REQUIREMENTS.

Sec. 7968.105. COMPLIANCE WITH MUNICIPAL REGULATIONS.

Sec. 7968.106. COMPLIANCE WITH MUNICIPAL CONSENT ORDINANCE OR RESOLUTION.

Sec. 7968.107. DIVISION OF DISTRICT.  
(a) The district may be divided into two or more new districts only if:

by Section 53.029(b), Water Code, only if the district:

- (1) has no outstanding bonded debt; and
- (2) is not imposing ad valorem taxes.

(b) The division procedure is prescribed by Sections 53.030 through 53.041, Water Code.

(c) Any new district created by the division of the district has all the powers and duties of the district and is subject to the limitations and conditions of this chapter.

(d) At the time of creation, any new district created by the division of the district may not contain any land that is not contiguous to the area described by Section 2 of the Act enacting this chapter.

(e) A division of the district may not occur until each home-rule municipality in whose corporate limits or extraterritorial jurisdiction the district or any proposed district is located has adopted a resolution consenting to the division.

(1) the district has no outstanding bonded debt; and

(2) the district is not imposing ad valorem taxes.

(b) 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) Any new district created by the division of the district may not, at the time the new district is created, contain any land outside the area described by Section 2 of the Act creating this chapter.

(d) 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, may adopt an order dividing the district.

(e) The board may adopt an order dividing the district before or after the date the board holds an election under Section 7968.003 to confirm the creation of the district.

(f) An order dividing the district shall:

(1) name each new district;

(2) include the metes and bounds description of the territory of each new district;

(3) appoint temporary directors for each new district; and

(4) provide for the division of assets and liabilities between or among the new districts.

(g) On or before the 30th day after the date of adoption of an order dividing the district, the district shall file the order with the commission and record the order in the real property records of each county in which the district is located.

(h) Any new district created by the division of the district shall hold a confirmation and directors' election as required by Section 7968.003.

(i) If the creation of the new district is confirmed, the new district shall provide the election date and results to the commission.

(j) Any new district created by the division of the district must hold an election as required by this chapter to obtain voter approval before the district may impose a maintenance tax or issue bonds payable wholly or partly from ad valorem taxes.

(k) Municipal consent to the creation of the district and to the inclusion of land in the district granted under Section 7968.004 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.

No equivalent provision.

Sec. 7968.108. ASSESSMENTS. (a) The district may impose an assessment on property in the district to pay for an improvement project authorized by Section 7968.102 or 7968.103 or an obligation described by Section 7968.151 in the manner provided for:

(1) a district under Subchapters A, E, and F, Chapter 375, Local Government Code; or

(2) a municipality or county under Subchapter A, Chapter 372, Local Government Code.

(b) The district may impose an assessment for any district operation and maintenance or authorized improvement or supplemental service, including public safety services, in the manner provided for:

(1) a district under Subchapters A, E, and F, Chapter 375, Local Government Code; or

(2) a municipality or county under Subchapter A, Chapter 372, Local Government Code.

(c) The district may not impose an assessment on a municipality, county, or other political subdivision.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 7968.151. ELECTIONS REGARDING TAXES OR BONDS.

Sec. 7968.152. OPERATION AND MAINTENANCE TAX.

Sec. 7968.153. CONTRACT TAXES.

SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

Sec. 7968.201. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS.

Sec. 7968.202. TAXES FOR BONDS.

Sec. 7968.203. BONDS FOR ROAD PROJECTS.

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SECTION 2. Sets out the metes and bounds of the district.

SECTION 3. (a) The legal notice of the intention to introduce this Act, setting forth the general substance of this Act, has been published as provided by law, and the notice and a copy of this Act have been furnished to all persons, agencies, officials, or entities to which they are required to be furnished under Section 59, Article XVI, Texas Constitution, and Chapter 313, Government Code.

(b) The governor, one of the required recipients, has submitted the notice and Act to the Texas Commission on Environmental Quality.

(c) The Texas Commission on Environmental Quality has filed its recommendations relating to this Act with the governor, the lieutenant governor, and the speaker of the house of representatives within the required time.

(d) 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 4. (a) If this Act does not receive a two-thirds vote of all the members elected to each house, Subchapter C, Chapter 7968, Special District Local Laws Code, as added by Section 1 of this Act, is amended by adding Section 7968.109 to read as follows:

Sec. 7968.109. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

(b) This section is not intended to be an expression of a legislative interpretation of the requirements of Section 17(c), Article I, Texas Constitution.

SECTION 5. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.

SECTION 4. Substantially the same as introduced version.

SECTION 5. Same as introduced version.