

## BILL ANALYSIS

Senate Research Center  
79R11057 HLT-F

C.S.S.B. 1803  
By: Jackson, Mike  
Intergovernmental Relations  
4/30/2005  
Committee Report (Substituted)

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

C.S.S.B. 1803 creates Galveston County Municipal Utility District No. 63 (district). Currently, the land located within the boundaries of the proposed district is undeveloped. The territory of the district would lie within the City of Texas City, or its extraterritorial jurisdiction, and Galveston County. The district would have all of the powers granted to municipal utility districts in Chapters 49 and 54, Water Code, navigation districts in Chapters 60 and 62, Water Code, and road utility districts in Chapter 441, Transportation Code, and would be eligible to be included in a tax increment reinvestment zone created pursuant to Chapter 311, Tax Code.

### 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 8145, as follows:

#### CHAPTER 8145. GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 63

##### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8145.001. DEFINITIONS. Defines "board," "city," "director," and "district."

Sec. 8145.002. NATURE OF DISTRICT. Provides that the Galveston County Municipal District No. 63 (district) is a municipality utility in Galveston County created under and essential to accomplish the purposes of Sections 52 (Counties, Cities or Other Political Corporations or Subdivisions; Lending Credit; Grants; Bonds) and 52-a (Loan or Grant of Public Money for Economic Development), Article III, Section 1-g (Development or Redevelopment of Property; Ad Valorem Tax Relief and Issuance of Bonds), Article VIII, and Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI, Texas Constitution.

Sec. 8145.003. CONFIRMATION ELECTION REQUIRED. Requires the board of directors of the district (board) to hold an election to confirm the creation of the district as provided by Section 49.102 (Confirmation and Director Election), Water Code.

Sec. 8145.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) Provides that all land and other property included in the district will benefit from the improvements and services to be provided by the district under powers conferred by Sections 52 and 52-a, Article III, Section 1-g, article VIII, and Section 59, Article XVI, Texas Constitution.

(b) Provides that the district is created for the same purposes as certain types of districts.

Sec. 8145.005. INITIAL DISTRICT TERRITORY. (a) Provides that the district is initially composed of territory described by Section 2 of the Act creating this chapter.

(b) Provides that the boundaries and field notes contained in Section 2 of the Act creating this chapter form a closure. Provides that a mistake in the field notes or in copying the field notes in the legislative process does not affect the district's organization, existence, or validity, the certain right to take certain actions, or legality or operation.

Sec. 8145.006. CONSTRUCTION OF CHAPTER. Requires this chapter to be liberally construed in conformity with the findings and purposes set forth in this chapter.

[Reserves Sections 8145.007-8145.050 for expansion.]

#### SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8145.051. DIRECTORS; TERMS. Sets forth the number and terms of the directors on the board of directors of the district.

Sec. 8145.052. ELECTION OF DIRECTORS. Requires the appropriate number of directors to be elected on the uniform election date in May of each even-numbered year.

Sec. 8145.053. INITIAL DIRECTORS. (a) Provides that the initial board consists of certain persons.

(b) Provides that the terms of the first three directors named in Subsection (a) expire on the uniform election date in May 2006, and the terms of the last two directors named in Subsection (a) expire on the uniform election date in May 2008.

(c) Provides that this section expires September 1, 2009.

[Reserves Sections 8145.054-8145.100 for expansion.]

#### SUBCHAPTER C. GENERAL POWERS AND DUTIES

Sec. 8145.101. 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. 8145.102. 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. 8145.103. NAVIGATION POWERS. (a) Authorizes the district to purchase, construct, acquire, own, operate, maintain, improve, or extend inside and outside the district, canals, waterways, bulkheads, docks, and any other improvements or facilities necessary or convenient to accomplish the navigation purposes of the district authorized by Section 59, Article XVI, Texas Constitution.

Sec. 8145.104. TAX INCREMENT REINVESTMENT ZONE. (a) Provides that all or any part of the area of the district is eligible to be included in a tax increment reinvestment zone created under Chapter 311 (Tax Increment Financing Act), Tax Code.

(b) Authorizes the district to enter into a contract with the board of directors of a reinvestment zone and the governing body of the City of Texas City (city) that provides for the district to manage or assist in managing the reinvestment zone or implement or assist in implementing the reinvestment zone's project plan and reinvestment zone financing plan. Authorizes the contract to require the district to issue bonds or other obligations and pledge the contract revenues to the payment of the bonds or other obligations.

Sec. 8145.105. EMINENT DOMAIN. (a) Authorizes the district, except as provided by Subsection (b), to exercise the power of eminent domain provided by Section 49.222 (Eminent Domain), Water Code.

(b) Requires the district to obtain the written consent of the city before exercising its power of eminent domain.

[Reserves Sections 8145.106-8145.150 for expansion.]

#### SUBCHAPTER D. ADDITIONAL ROAD POWERS

Sec. 8145.151. ROAD PROJECTS. (a) Authorizes a district, as authorized by Section 52, Article III, Texas Constitution, to construct acquire, improve, maintain, or operate, inside and outside the district, roads and road facilities as defined by Chapter 441 (Road Utility Districts), Transportation Code.

(b) Authorizes the roads and road facilities authorized by Subsection (a) to include certain services and lights, signs, or signals that are incidental to the roads and their construction, maintenance, or operation.

(c) Requires the roads and road facilities authorized by this section to meet all applicable construction standards, zoning and subdivision requirements, and regulatory ordinances of the city.

(d) Authorizes the district, on completion of a road or road facility authorized by this section, with the consent of the city, to convey that road or road facility to the city if the conveyance is free of all indebtedness of the district. Provides that if the city becomes the owner a road or road facility, the city is responsible for all future maintenance and upkeep and the district has no further responsibility for the road or road facility or its maintenance or upkeep, unless otherwise agreed to by the district and the city.

Sec. 8145.152 JOINT ROAD PROJECTS. (a) Authorizes a district to contract with a state agency, political subdivision, or corporation created under Chapter 431 (Texas Transportation Act), Transportation Code, for a joint road project.

(b) Authorizes the contract to provide for joint payment of project costs and require the state agency, political subdivision, or corporation to design, construct, or improve a project as provide by the contract.

(c) Authorizes a contract to be contracted under Section 49.108 (Contract Elections), Water Code.

Sec. 8145.153. REIMBURSEMENT FOR ROAD PROJECT. (a) Authorizes the district to make certain reimbursements and purchases.

(b) Provides that the amount paid for the reimbursement or for the purchase of a road or road facility may include certain costs, and may not exceed a certain price.

(c) Authorizes the reimbursement or purchase of a road or road facility to be paid by a certain method.

(d) Authorizes the district to enter into an agreement to use the proceeds of a subsequent bond sale to reimburse a private person under this section. Authorizes the agreement to provide the terms and conditions under which the road or road facility is to be dedicated or transferred for the benefit of the public.

[Reserves Sections 8145.154-8145.200 for expansion.]

#### SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS

Sec. 8145.201. ELECTIONS REGARDING TAXES OR BONDS. (a) Authorizes the district to issue, without an election, bonds and other obligations secured by revenue or contract payments from any lawful source other than ad valorem taxation.

(b) Requires the district to hold an election in the manner provided by Chapters 49, Water Code, to obtain voter approval before the district may impose a maintenance tax or issue bonds payable from ad valorem taxes.

(c) Authorizes the board to include more than one purpose in a single proposition at an election.

(d) Authorizes the district to issue bonds or other obligations to finance roads and road projects under Section 52(b)(3) (Loan of State's Credit or Grant of Public money for Toll Road Purposes ), Article III, Texas Constitution, secured wholly or partly by ad valorem taxation, impose ad valorem taxes to pay the principal of and interest on the obligations, and provide a sinking fund for the redemption of the obligations only if the issuance is approved by a two-thirds majority of the voters of the district voting at an election called and held for that purpose. Prohibits the total amount of bonds issued under this subsection from exceeding one-fourth of the assessed market value of real property of the district as determined by the chief appraiser of the appraisal district that appraises property for the district.

Sec. 8145.202. AD VALOREM TAX. (a) Authorizes the district, if authorized at an election held under Section 8145.201, to impose an annual ad valorem tax on taxable property in the district for the provision of services or for the maintenance and operation of the district, including the construction, acquisition, maintenance, and operation of improvements.

(b) Requires the board to determine the tax rate. Prohibits the rate from exceeding the rate approved at the election.

[Reserves Sections 8145.203-8145.250 for expansion.]

#### SUBCHAPTER F. BONDS AND OTHER OBLIGATIONS

Sec. 8145.251. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS. (a) Authorizes the district to issue bonds or other obligations payable wholly or partly from certain district funds or any combination of those sources, to pay for any authorized district purpose.

(b) Authorizes the district, in exercising the district's borrowing power, to issue a bond or other obligation in the form of a bond, note, certificate of participation, or other instrument evidencing a proportionate interest in payments to be made by the district, or other type of obligation.

Sec. 8145.252. TAXES FOR BONDS AND OTHER OBLIGATIONS. Provides that at the time bonds or other obligations payable wholly or partly from ad valorem taxes are issued the board is required to impose a continuing direct annual ad valorem tax, without limit as to rate or amount, for each year that all or part of the bonds are outstanding and the district is required annually to impose an ad valorem tax on all taxable property in the district in an amount sufficient to pay certain expenses and create a certain sinking fund.

Sec. 8145.253. BONDS FOR CONTRACT COSTS. Authorizes the district, if the district enters into a contract under Section 8145.152, to issue bonds to pay all or part of the costs of the joint road project and other payments required under the contract.

Sec. 8145.254. BONDS PAYABLE FROM REVENUE FROM CERTAIN CONTRACTS. Authorizes the district to issue bonds payable wholly or partly from the

revenue of a contract authorized by Section 8145.104(b) to pay for the implementation of the reinvestment zone's project plan or reinvestment zone financing plan.

Sec. 8145.255. AUTHORITY OF TEXAS COMMISSION ON ENVIRONMENTAL QUALITY OVER ISSUANCE OF DISTRICT BONDS. (a) Provides that Sections 49.181 (Authority of Commission Over Issuance of District Bonds) and 49.182 (Commission Supervision of Projects and Improvements), Water Code, apply to all water, wastewater, drainage and recreational facility projects of the district and bonds issued for the purposes.

(b) Provides that Section 49.181, Water Code, applies to all road and road facility projects and navigation projects and bonds issued for those purposes, but the review of the Texas Commission on Environmental Quality (commission) of the projects is limited to the financial feasibility of the projects and bonds, and does not include the review or approval of the design and construction of the projects or the engineering feasibility of the projects. Requires the commission to adjust the requirements of written applications for investigation of feasibility in accordance with this subsection.

(c) Provides that Section 49.182, Water Code, does not apply to any road and road facility projects, and navigation projects, or bonds issued for those purposes.

(d) Provides that to the extent that the district issues bonds secured solely by revenues provided under a contract described in Section 8145.104(b), Sections 49.181, 49.182, and 49.4645 (District in Certain Counties: Bonds for Recreational Facilities), Water Code, do not apply to the issuance of the bonds and do not restrict the types of facilities or improvements that may be financed with the bonds.

(e) Provides that projects and bonds of the district are not subject to the review and approval of the Texas Transportation Commission or the rules promulgated by the Texas Transportation Commission.

Sec. 8145.256. APPLICABILITY OF OTHER BOND LAW. Provides that Chapter 1471 (Bonds for County Roads), Government Code, does not apply to the district.

SECTION 2. Sets forth the initial boundaries of the Galveston County Municipal Utility District No. 63.

SECTION 3. 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 4. Effective date: upon passage or September 1, 2005.