

BILL ANALYSIS

Senate Research Center
79R16133 HLT-F

S.B. 1894
By: Deuell
Intergovernmental Relations
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As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

As proposed, S.B. 1894 creates the Kaufman County Water Control and Improvement District No. 1 (district), to provide water, sewer, drainage and road improvements to a 586-acre tract located in part of the unincorporated area of Kaufman County and partly in the City of Terrell, Texas. All of the land within the district is located in Kaufman County. The City of Terrell has provided formal consent, by way of two separate resolutions of support (City Resolution No. 512 and No. 520).

The proposed district will contain mixed use development and will abide by the rules and regulations of Kaufman County. The water, sewer and drainage bonds of the proposed district will be subject to approval by the Texas Commission on Environmental Quality. The bond issue for road improvements will be reviewed by the attorney general of Texas. The road bonds must be approved by a two-thirds vote at an election within the district and may not exceed 25 percent of the amount of the ad valorem tax base in the district.

The district is essential to the financing of the infrastructure of the development. Upon completion of build-out, the ad valorem tax base attendant to the development will have increased by approximately \$400 million. This will provide direct benefits to the school district and Kaufman County.

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 I, Title 6, Special District Local Laws Code, by adding Chapter 9002, as follows:

CHAPTER 9002. KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 9002.001. DEFINITIONS. Defines "board," "director," and "district."

Sec. 9002.002. NATURE OF DISTRICT. Provides that the Kaufman County Water Control and Improvement District No. 1 (district) is a conservation and reclamation district in Kaufman County created under and essential to accomplish the purposes of Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI, Texas Constitution.

Sec. 9002.003. CONFIRMATION ELECTION REQUIRED. Provides that certain actions will be taken if the creation of the district is not confirmed at a confirmation election held under Section 9002.023 before September 1, 2007.

Sec. 9002.004. INITIAL DISTRICT TERRITORY. (a) Provides that the district is initially composed of the 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 made in the field notes or in copying the field notes in the legislative process does not affect certain aspects of the district.

Sec. 9002.005. **APPLICABILITY OF OTHER LAW.** Provides that, except as otherwise provided by this chapter, Chapters 49 (Provisions Applicable to All Districts) and 51 (Water Control and Improvement Districts), Water Code, apply to the district.

[Reserves Sections 9002.006-9002.020 for expansion.]

SUBCHAPTER A1. TEMPORARY PROVISIONS

Sec. 9002.021. **TEMPORARY DIRECTORS.** (a) Sets forth the composition of the temporary board of directors.

(b) Requires the Texas Commission on Environmental Quality (TCEQ), if a temporary director fails to qualify for office, to appoint a person to fill the vacancy.

(c) Sets forth the term lengths of temporary directors.

Sec. 9002.022. **ORGANIZATIONAL MEETING OF TEMPORARY DIRECTORS.** Requires the temporary directors, as soon as practicable after all the temporary directors have qualified under Section 49.055 (Sworn Statement, Bond, and Oath of Office), Water Code, to convene the organizational meeting of the district at a location in the district agreeable to a majority of the directors. Requires the organizational meeting to be held at the Kaufman County Courthouse if a location cannot be agreed upon. Requires temporary directors, at the meeting, to elect officers from among the temporary directors and conduct any other district business.

Sec. 9002.023. **CONFIRMATION AND INITIAL DIRECTORS' ELECTION.** Requires the temporary directors to hold an election to confirm the creation of the district and to elect five directors of the board (directors) as provided by Section 49.102 (Confirmation and Director Election), Water Code.

Sec. 9002.024. **INITIAL ELECTED DIRECTORS; TERMS.** Requires the directors elected under Section 9002.023 to draw lots to determine which two are required to serve until the first regularly scheduled election of directors under Section 9002.052 and which three are required to serve until the second regularly scheduled election of directors.

Sec. 9002.025. **EXPIRATION OF SUBCHAPTER.** Provides that this subchapter expires September 1, 2010.

[Reserves Sections 9002.026-9002.050 for expansion.]

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 9002.051. **DIRECTORS; TERMS.** Provides that the district is governed by a board of five directors (board) who serve staggered four-year terms.

Sec. 9002.052. **ELECTION OF DIRECTORS.** Requires the appropriate number of directors to be elected on the uniform election date in May of each even-numbered year.

[Reserves Sections 9002.053-9002.100 for expansion.]

SUBCHAPTER C. POWERS AND DUTIES

Sec. 9002.101. **ROAD PROJECTS.** (a) Authorizes the district, to the extent authorized by Section 52 (Counties, Cities, or Other Political Corporations or Subdivisions; Lending

Credit; Grants; Bonds), Article III, Texas Constitution, to construct, acquire, improve, maintain, or operate macadamized, graveled, or paved roads or turnpikes, or improvements in aid of those roads or turnpikes, inside the district.

(b) Requires a road project to meet all applicable construction standards, zoning and subdivision requirements, and regulatory ordinances of the municipality or county in whose jurisdiction the district is located.

(c) Prohibits the district from undertaking a road project unless each municipality or county in whose jurisdiction the district is located consents by ordinance or resolution.

Sec. 9002.102. **LIMITATION ON USE OF EMINENT DOMAIN.** Authorizes the district to exercise the power of eminent domain outside the district only to acquire an easement necessary for a pipeline that serves the district.

Sec. 9002.103. **AUTHORITY TO PROVIDE SERVICES.** Authorizes the district to provide water, sanitary water, drainage, and road services to any part of the district not receiving those services on the effective date of the Act creating this chapter.

Sec. 9002.104. **AUTHORITY TO CONTRACT.** Authorizes the district to enter into a contract with an owner of real property in the district to construct, acquire, finance, own, maintain, or operate works or projects authorized by Section 9002.103.

Sec. 9002.105. **DIVISION OF DISTRICT.** Authorizes the district to divide into two new districts as provided by Section 53.029 (Division of or Assumption of Authority by Certain Districts), Water Code.

[Reserves Sections 9002.106-9002.150 for expansion.]

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 9002.151. **TAX TO REPAY BONDS.** Authorizes the district to impose a tax to pay the principal of and interest on bonds issued under Section 9002.201.

Sec. 9002.152. **UTILITY PROPERTY EXEMPT FROM IMPACT FEES AND ASSESSMENTS.** Prohibits the district from imposing an impact fee or assessment on the property, including the equipment, rights-of-way, facilities, or improvements of certain utilities and service providers.

[Reserves Sections 9002.153-9002.200 for expansion.]

SUBCHAPTER E. BONDS

Sec. 9002.201. **AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS.** (a) Authorizes the district to issue bonds or other obligations as provided by Chapters 49 and 51, Water Code, to finance the construction, maintenance, or operation of projects under Section 9002.101.

(b) Prohibits the district from issuing bonds under Subsection (a) unless the issuance is approved by a vote of a two-thirds majority of the voters of the district voting at an election called for that purpose.

(c) Prohibits bonds or other obligations issued or incurred to finance projects authorized by Section 9002.101 from exceeding one-fourth of the assessed value of the real property in the district.

(d) Provides that Sections 49.181 (Authority of Commission Over Issuance of District Bonds) and 49.182 (Commission Supervision of Projects and Improvements), Water code, do not apply to a project undertaken by the district under Section 9002.101 or to bonds issued by the district to finance the project.

Sec. 9002.202. USE OF BOND PROCEEDS. Authorizes the district to use proceeds from the sale of bonds to acquire from a private owner supply corporation facilities or improvements necessary to provide a service authorized by Section 9002.103.

SECTION 2. Sets forth the initial territory included in the district.

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.