

## **BILL ANALYSIS**

Senate Research Center  
82R3575 KYF-F

H.B. 534  
By: Phillips (Estes)  
Intergovernmental Relations  
5/16/2011  
Engrossed

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

Gunter Municipal Utility Districts Nos. 1 and 2 were created by the 80th Legislature. Currently, the districts exist in the extraterritorial jurisdiction in the City of Gunter (city). The owner of all the land within the districts has agreed to annex all the land in the districts into the city and the city has agreed to allow the districts to exist within the city's corporate limits. The proposed legislation allows for the districts to continue to exist within the boundaries of the city after they are annexed and levy a tax in addition to the city's tax rate. The current city of tax rate is 53 cents per \$100 valuation. The proposed legislation also allows each of the existing districts to be subdivided into two districts.

H.B. 534 amends current law relating to the powers and duties of the Gunter Municipal Utility Districts Nos. 1 and 2.

### **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 Subchapter C, Chapter 8238, Special District Local Laws Code, by adding Section 8238.104, as follows:

Sec. 8238.104. NO ALLOCATION AGREEMENT. Provides that Section 54.016(f) (relating to authorizing a city to provide in its written consent for the inclusion of land in a district that a contract between the district and the city be entered into prior to the first issue of bonds, notes, warrants, or other obligations to the district), Water Code, does not apply to the Gunter Municipal Utility Districts No. 1 (district 1).

SECTION 2. Amends Chapter 8238, Special District Local Laws Code, by adding Subchapter C-1, as follows:

#### **SUBCHAPTER C-1. DIVISION OF DISTRICT INTO MULTIPLE DISTRICTS**

Sec. 8238.131. DIVISION OF DISTRICT; PREREQUISITES. Authorizes district 1 to be divided into two or more new districts only if district 1 has no outstanding bonded debt and is not imposing ad valorem taxes.

Sec. 838.132. LAW APPLICABLE TO NEW DISTRICT. Provides that this chapter applies to any new district created by division of district 1, and a new district has all the powers and duties of district 1.

Sec. 838.133. LIMITATION ON AREA OF NEW DISTRICT. Prohibits a new district created by the division of district 1, at the time the new district is created, from containing any land outside the area described by Section 2, Chapter 966, Acts of the 80th Legislature, Regular Session, 2007.

Sec. 8238.134. DIVISION PROCEDURES. (a) Authorizes the board of directors of the district (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 district 1, to adopt an order dividing district 1.

(b) Authorizes the board to adopt an order dividing district 1 before or after the date the boards holds an election under Section 8238.003 to confirm the district's creation.

(c) Requires an order dividing district 1 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 the new districts.

(d) Requires district 1, on or before the 30th day after the date of adoption of an order dividing district 1, 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 district 1 is located.

Sec. 8238.135. CONFIRMATION ELECTION FOR NEW DISTRICT. (a) Requires a new district created by the division of district 1 to hold a confirmation and directors' as required by Section 8238.003.

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

Sec. 8238.136. MUNICIPAL CONSENT. Provides that municipal consent to the creation of district 1 and to the inclusion of land in district 1 granted under Section 8238.054 acts as municipal consent to the creation of any new district created by the division of district 1 and to the inclusion of land in district 1.

Sec. 8238.137. TAX OR BOND ELECTION. Requires the new district, before the new district created by the division of district 1 may impose a maintenance tax or issue bonds payable wholly or partly from ad valorem taxes, to hold an election as required by this chapter to obtain voter approval.

SECTION 4. Amends Subchapter 8239, Special District Local Laws Code, by adding Subchapter C-1, as follows:

#### SUBCHAPTER C-1. DIVISION OF DISTRICT INTO MULTIPLE DISTRICTS

Sec. 8239.131. DIVISION OF DISTRICT; PREREQUISITES. Authorizes the Gunter Municipal Utility District No. 2 (district) be divided into two or more new districts only if the district has no outstanding debt; and is not imposing ad valorem taxes.

Sec. 8239.132. LAW APPLICABLE TO NEW DISTRICT. Provides that this chapter applies to any new district created by division of the district, and a new district has all the powers and duties of the district.

Sec. 8239.133. LIMITATION ON AREA OF NEW DISTRICT. Prohibits a new district created by the division of the district, at the time the new district is created, from containing any land outside the area described by Section 2, Chapter 1138, Acts of the 80th Legislature, Regular Session, 2007.

Sec. 8239.134. DIVISION PROCEDURES. (a) Authorizes the board, on its own motion or on receipt of a petition signed by the owner or owner of a majority of the assessed value of the real property in the district, to adopt an order dividing the district.

(b) Authorizes the board to adopt an order dividing the district before or after the date the boards holds an election under Section 8239.003 to confirm the district's creation.

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

(d) 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 TCEQ and record the order in the real property records of each county in which the district is located.

Sec. 8239.135. CONFIRMATION ELECTION FOR NEW DISTRICT. (a) Requires a new district created by the division of the district to hold a confirmation and directors' election as required by Section 8239.003.

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

Sec. 8238.136. MUNICIPAL CONSENT. Provides that municipal consent to the creation of the district and to the inclusion of land in the district granted under Section 8238.054 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 district.

Sec. 8238.137. TAX OR BOND ELECTION. Requires the new district, before the new district created by the division of the district may impose a maintenance tax or issue bonds payable wholly or partly from ad valorem taxes, to hold an election as required by this chapter to obtain voter approval.

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. Effective date: September 1, 2011.