

## **BILL ANALYSIS**

Senate Research Center  
84R10991 AAF-F

H.B. 4206  
By: Riddle (To Be Filed)  
Administration  
5/22/2015  
Engrossed

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

Dowdell Public Utility District (district) encompasses an area of land outside the corporate limits of any city and within the extraterritorial jurisdiction of the City of Houston in Harris County, Texas. Land previously undeveloped within the long-existing district is sought to be developed without increasing the tax burden on homeowner residents and taxpayers. The district seeks to create a defined area, allowing the defined area developments to self-finance without increasing the overall tax burden for other district taxpayers. The additional taxation on the defined area will cease upon the additional indebtedness being satisfied.

Additionally, it is necessary to extend road powers for the proper development of the entire district and defined area. Specifically, the district should be empowered under Chapter 54 (Municipal Utility Districts), Water Code, and Section 42, Article III, Texas Constitution, in order to design, acquire, construct, finance, issue bonds for, improve, operate, maintain, and convey roads and improvements to serve the current and future occupants of the district, including the defined area, utilizing tax exempt bonds. It is necessary to empower the district with authority to impose a tax on the defined area to repay such bonds specifically for road improvements serving the defined area in addition to other infrastructure to serve the defined area. H.B. 4206 provides regulations regarding district road powers.

H.B. 4206 amends current law relating to the powers and duties of the Dowdell Public Utility District, provides authority to issue bonds, and provides authority to impose fees and taxes.

### **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 Section 8184.003(c), Special District Local Laws Code, as follows:

(c) Provides that the creation of the Dowdell Public Utility District (district) is essential to accomplish the purposes of:

(1) a municipal utility district as provided by general law and Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI, Texas Constitution; and

(2) Section 52 (Counties, Cities or Other Political Corporations or Subdivisions; Lending Credit; Grants; Bonds), Article III, Texas Constitution, that relate to the construction, acquisition, improvement, operation, or maintenance of macadamized, graveled, or paved roads, or improvements, including storm drainage, in aid of those roads.

SECTION 2. Amends Subchapter C, Chapter 8184, Special District Local Laws Code, by adding Sections 8184.102, 8184.103, and 8184.104, as follows:

Sec. 8184.102. **AUTHORITY TO ESTABLISH DEFINED AREAS.** Authorizes the district, notwithstanding the acreage requirement under Section 54.801(a) (relating to the authority of a district to define and improve property to benefit that area), Water Code, to establish and administer defined areas as provided by Subchapter J (Services for Certain Defined Areas and Designated Property), Chapter 54, Water Code.

Sec. 8184.103. **AUTHORITY FOR ROAD PROJECTS.** Authorizes the district, under Section 52, Article III, Texas Constitution, to design, acquire, construct, finance, issue bonds for, improve, operate, maintain, and convey to this state, a county, or a municipality for operation and maintenance macadamized, graveled, or paved roads, or improvements, including storm drainage, in aid of those roads.

Sec. 8184.104. **ROAD STANDARDS AND REQUIREMENTS.** (a) Requires that a road project meet all applicable construction standards, zoning and subdivision requirements, and regulations of each municipality in whose corporate limits or extraterritorial jurisdiction the road project is located.

(b) Requires that the road project meet all applicable construction standards, subdivision requirements, and regulations of each county in which the road project is located if a road project is not located in the corporate limits or extraterritorial jurisdiction of a municipality.

(c) Requires the Texas Transportation Commission to approve the plans and specifications of the road project if the state will maintain and operate the road.

SECTION 3. Amends Chapter 8184, Special District Local Laws Code, by adding Subchapter D, as follows:

#### SUBCHAPTER D. BONDS AND OTHER OBLIGATIONS

Sec. 8184.151. **AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS FOR ROAD PROJECTS.** (a) Authorizes the district to issue bonds or other obligations payable wholly or partly from ad valorem taxes, impact fees, revenue, contract payments, grants, or other district money, or any combination of those sources, to pay for a road project authorized by Section 8184.103.

(b) Prohibits the district from issuing issue bonds payable from ad valorem taxes to finance a road project unless the issuance is approved by a vote of a two-thirds majority of the district voters voting at an election held for that purpose.

(c) Provides that the total principal amount of bonds or other obligations issued or incurred to finance road projects and payable at the time of issuance from ad valorem taxes may not exceed one-fourth of the assessed value of the real property in the district.

Sec. 8184.152. **TAXES FOR BONDS.** Requires the district, at the time the district issues bonds payable wholly or partly from ad valorem taxes, to provide for the annual imposition of a continuing direct ad valorem tax, without limit as to rate or amount, while all or part of the bonds are outstanding as required and in the manner provided by Sections 54.601 (Tax Levy For Bonds) and 54.602 (Establishment of Tax Rate in Each Year), Water Code.

SECTION 4. Provides that district retains all rights, powers, privileges, authority, duties, and functions that it had before the effective date of this Act.

SECTION 5. (a) Provides that the legislature validates and confirms all acts and proceedings of the board of directors of the district that were taken before the effective date of this Act.

(b) Provides that Subsection (a) of 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 judgment of a court; or

(2) has been held invalid by a final judgment of a court.

SECTION 6. 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 7. Effective date: upon passage or September 1, 2015.