

BILL ANALYSIS

Senate Research Center
85R17848 GRM-F

S.B. 2261
By: Kolkhorst
Intergovernmental Relations
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

- Fort Bend County Municipal Utility District No. 50 (district) was created in 1986 by the Texas Water Commission, predecessor to the Texas Commission on Environmental Quality (TCEQ). The district includes approximately 1,320 acres of land in Fort Bend County and the extraterritorial jurisdiction of the City of Houston.
- The district has provided utilities to serve existing residential and commercial development within the district, with the exception of approximately 545 acres of currently raw, undeveloped property for future development.
- The district is requesting the authority to establish a defined area over raw, undeveloped commercial property within the district.
- The defined area facilities and services would be financed only by the property owners within the defined area.
- The district is also seeking the authority to be able to construct and finance road facilities to serve property within the district.
- The district has not previously requested or sought road powers. However, based on current infrastructure needs, the district now seeks authority to be able to construct and finance road facilities to serve the property within the district.
- As required by the Texas Constitution and law, the district's ability to issue bonds and levy ad valorem taxes for road facilities would be subject to voter approval.
- The road powers language mirrors the language from the municipal utility district "template" approved by and used in prior sessions by House and Senate committees and the Texas Legislative Council.
- No objections are anticipated for this local bill.
- An affiliate of Cathexis Holdings, the sole landowner of the undeveloped property proposed for inclusion in the defined area, supports the legislation.
- Cathexis Holdings is a multi-industry investment firm focusing on oil and gas, minerals, real estate, and principal capital investing.
- The City of Houston has been notified of the proposed legislation and has no objection.
- Notice of intent was published on January 22, 2017. The bill is eligible for filing on February 22, 2017.

As proposed, S.B. 2261 amends current law relating to the powers and duties of the Fort Bend County Municipal Utility District No. 50, provides authority to issue bonds, and provides authority to impose a tax.

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 7993, as follows:

CHAPTER 7993. FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 7993.001. DEFINITION. Defines "district" as the Fort Bend County Municipal Utility District No. 50 (district).

Sec. 7993.002. NATURE OF DISTRICT. Provides that the district is a municipal utility district (MUD) created under Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI (General Provisions), Texas Constitution.

Sec. 7993.003. FINDINGS OF PUBLIC PURPOSE AND BENEFIT. (a) Provides that the district is created to serve a public purpose and benefit.

(b) Provides that the district is created to accomplish certain purposes of the Texas Constitution.

SUBCHAPTER B. POWERS AND DUTIES

Sec. 7993.051. 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. 7993.052. 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 MUDs created under Section 59, Article XVI, Texas Constitution.

Sec. 7993.053. AUTHORITY FOR ROAD PROJECTS. Authorizes the district to perform certain actions relating to roads.

Sec. 7993.054. ROAD STANDARDS AND REQUIREMENTS. (a) Requires that a road project meet certain standards.

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

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

Sec. 7993.055. AUTHORITY TO ESTABLISH DEFINED AREAS. Authorizes the district, notwithstanding the acreage requirement under Section 54.801(a) (relating to authorizing a district of a certain acreage to define areas or designate certain property to pay for certain improvements, facilities, or services), 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. 7993.056. ADDITION OR EXCLUSION OF LAND IN DEFINE AREA. Authorizes the district to add or exclude land from the defined areas in the same manner the district may add or exclude land from the district.

SUBCHAPTER C. BONDS AND OTHER OBLIGATIONS

Sec. 7993.101. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS FOR ROAD PROJECTS. (a) Authorizes the district to issue certain bonds or other obligations.

(b) Prohibits the district from issuing 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) Prohibits the total principal amount of bonds or other obligations issued or incurred to finance road projects and payable from ad valorem taxes, at the time of issuance, from exceeding a certain amount.

Sec. 7993.102. 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 2. Provides that the district retains all rights, powers, privileges, authority, duties, and functions that it had before the effective date of this Act.

SECTION 3. (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, is involved in litigation if the litigation ultimately results in the matter being held invalid by a final judgment of a court or has been held invalid by a final judgment of a court.

SECTION 4. 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 5. Effective date: upon passage or September 1, 2017.