

## **BILL ANALYSIS**

Senate Research Center  
88R6264 ANG-F

H.B. 5322  
By: Gerdes (Schwertner)  
Local Government  
5/19/2023  
Engrossed

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

Landowners in House District 17 have suggested that the governing statutes of the Garfield Municipal Utility District No. 1 need to be amended to grant the district the power to undertake certain road projects, exclude land from the district's boundaries, and appoint certain individuals to serve on the board of directors of the district. H.B. 5322 seeks to address this issue by providing for the district to take those actions.

H.B. 5322 amends current law relating to the administration, powers, territory, and financing of the Garfield Municipal Utility District No. 1.

### **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 Chapter 776, Acts of the 78th Legislature, Regular Session, 2003, by adding Section 5A, as follows:

SECTION 5A. EXCLUDED LAND. Provides that certain land is excluded from the territory of the Garfield Municipal Utility District No. 1 (district).

SECTION 2. Amends Chapter 776, Acts of the 78th Legislature, Regular Session, 2003, by adding Sections 7A, 7B, 7C, 7D, and 7E, as follows:

SECTION 7A. AUTHORITY FOR ROAD PROJECTS. Authorizes the district, under Section 52 (Restrictions on Lending Credit or Making Grants by Political Corporations or Political Subdivisions; Authorized Bonds; Investment of Funds), Article III (Legislative Department), 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.

SECTION 7B. 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 7C. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS FOR ROAD PROJECTS. 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 7A of this Act. 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 one-fourth of the assessed value of the real property in the district.

SECTION 7D. TAXES FOR ROAD PROJECT BONDS. Requires the board of directors of the district (board), at the time the district issues bonds payable wholly or partly from ad valorem taxes for a road project authorized by Section 7A of this Act, 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 7E. ELECTIONS REGARDING ROAD PROJECT BONDS. 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.

SECTION 3. Amends Section 11(a), Chapter 776, Acts of the 78th Legislature, Regular Session, 2003, to set forth the names of temporary directors to be appointed.

SECTION 4. Amends Section 12, Chapter 776, Acts of the 78th Legislature, Regular Session, 2003, as follows:

SECTION 12. CONFIRMATION AND INITIAL DIRECTORS ELECTION. Deletes existing text requiring the temporary board to hold an election to confirm establishment of the district and to elect five initial directors as provided by Section 49.102 (Confirmation of Director Election), Water Code, not later than the fourth anniversary of the effective date of this Act. Deletes existing text of Subsection (b) providing that Section 41.001(a) (relating to requiring that each general or special election in this state to be held on a certain date), Election Code, does not apply to a confirmation and initial directors election held under this section.

SECTION 5. Amends Section 15, Chapter 776, Acts of the 78th Legislature, Regular Session, 2003, by adding Subsections (g) and (h) to set forth the boundaries of and lands included in the district.

SECTION 6. Requires the temporary board, as soon as practicable after the effective date of this Act, to hold an election to confirm the establishment of the district and to elect five initial directors as provided by Section 12, Chapter 776, Acts of the 78th Legislature, Regular Session, 2003, as amended by this Act.

SECTION 7. 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 8. Effective date: upon passage or September 1, 2023.