

1-1 By: Guillen (Senate Sponsor - Lucio) H.B. No. 4335  
 1-2 (In the Senate - Received from the House May 19, 2017;  
 1-3 May 19, 2017, read first time and referred to Committee on  
 1-4 Administration; May 22, 2017, reported favorably by the following  
 1-5 vote: Yeas 7, Nays 0; May 22, 2017, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			

1-15 A BILL TO BE ENTITLED  
 1-16 AN ACT

1-17 relating to the creation of the Willacy County Municipal Utility  
 1-18 District No. 1; granting a limited power of eminent domain;  
 1-19 providing authority to issue bonds; providing authority to impose  
 1-20 assessments, fees, and taxes.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:  
 1-22 SECTION 1. Subtitle F, Title 6, Special District Local Laws  
 1-23 Code, is amended by adding Chapter 8014 to read as follows:

1-24 CHAPTER 8014. WILLACY COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

1-25 SUBCHAPTER A. GENERAL PROVISIONS

1-26 Sec. 8014.001. DEFINITIONS. In this chapter:

1-27 (1) "Board" means the district's board of directors.

1-28 (2) "Commission" means the Texas Commission on  
 1-29 Environmental Quality.

1-30 (3) "Director" means a board member.

1-31 (4) "District" means the Willacy County Municipal  
 1-32 Utility District No. 1.

1-33 Sec. 8014.002. NATURE OF DISTRICT. The district is a  
 1-34 municipal utility district created under Section 59, Article XVI,  
 1-35 Texas Constitution.

1-36 Sec. 8014.003. CONFIRMATION AND DIRECTORS' ELECTION  
 1-37 REQUIRED. The temporary directors shall hold an election to  
 1-38 confirm the creation of the district and to elect five permanent  
 1-39 directors as provided by Section 49.102, Water Code.

1-40 Sec. 8014.004. CONSENT OF MUNICIPALITY REQUIRED. The  
 1-41 temporary directors may not hold an election under Section 8014.003  
 1-42 until each municipality in whose corporate limits or  
 1-43 extraterritorial jurisdiction the district is located has  
 1-44 consented by ordinance or resolution to the creation of the  
 1-45 district and to the inclusion of land in the district.

1-46 Sec. 8014.005. FINDINGS OF PUBLIC PURPOSE AND BENEFIT. (a)  
 1-47 The district is created to serve a public purpose and benefit.

1-48 (b) The district is created to accomplish the purposes of:

1-49 (1) a municipal utility district as provided by  
 1-50 general law and Section 59, Article XVI, Texas Constitution; and

1-51 (2) Section 52, Article III, Texas Constitution, that  
 1-52 relate to the construction, acquisition, or improvement of  
 1-53 macadamized, graveled, or paved roads described by Section 54.234,  
 1-54 Water Code, or improvements, including storm drainage, in aid of  
 1-55 those roads.

1-56 Sec. 8014.006. INITIAL DISTRICT TERRITORY. (a) The  
 1-57 district is initially composed of the territory described by  
 1-58 Section 2 of the Act enacting this chapter.

1-59 (b) The boundaries and field notes contained in Section 2 of  
 1-60 the Act enacting this chapter form a closure. A mistake made in the  
 1-61 field notes or in copying the field notes in the legislative process

2-1 does not affect the district's:

2-2 (1) organization, existence, or validity;

2-3 (2) right to issue any type of bond for the purposes  
2-4 for which the district is created or to pay the principal of and  
2-5 interest on a bond;

2-6 (3) right to impose a tax; or

2-7 (4) legality or operation.

2-8 SUBCHAPTER B. BOARD OF DIRECTORS

2-9 Sec. 8014.051. GOVERNING BODY; TERMS. (a) The district is  
2-10 governed by a board of five elected directors.

2-11 (b) Except as provided by Section 8014.052, directors serve  
2-12 staggered four-year terms.

2-13 Sec. 8014.052. TEMPORARY DIRECTORS. (a) The temporary  
2-14 board consists of:

2-15 (1) Charles E. Wetegrove;

2-16 (2) Raymond F. Wetegrove;

2-17 (3) Joseph M. Wetegrove;

2-18 (4) Fred Ballard; and

2-19 (5) Craig Childs.

2-20 (b) Temporary directors serve until the earlier of:

2-21 (1) the date permanent directors are elected under  
2-22 Section 8014.003; or

2-23 (2) the fourth anniversary of the effective date of  
2-24 the Act enacting this chapter.

2-25 (c) If permanent directors have not been elected under  
2-26 Section 8014.003 and the terms of the temporary directors have  
2-27 expired, successor temporary directors shall be appointed or  
2-28 reappointed as provided by Subsection (d) to serve terms that  
2-29 expire on the earlier of:

2-30 (1) the date permanent directors are elected under  
2-31 Section 8014.003; or

2-32 (2) the fourth anniversary of the date of the  
2-33 appointment or reappointment.

2-34 (d) If Subsection (c) applies, the owner or owners of a  
2-35 majority of the assessed value of the real property in the district  
2-36 may submit a petition to the commission requesting that the  
2-37 commission appoint as successor temporary directors the five  
2-38 persons named in the petition. The commission shall appoint as  
2-39 successor temporary directors the five persons named in the  
2-40 petition.

2-41 SUBCHAPTER C. POWERS AND DUTIES

2-42 Sec. 8014.101. GENERAL POWERS AND DUTIES. The district has  
2-43 the powers and duties necessary to accomplish the purposes for  
2-44 which the district is created.

2-45 Sec. 8014.102. MUNICIPAL UTILITY DISTRICT POWERS AND  
2-46 DUTIES. The district has the powers and duties provided by the  
2-47 general law of this state, including Chapters 49 and 54, Water Code,  
2-48 applicable to municipal utility districts created under Section 59,  
2-49 Article XVI, Texas Constitution.

2-50 Sec. 8014.103. AUTHORITY FOR ROAD PROJECTS. (a) Under  
2-51 Section 52, Article III, Texas Constitution, the district may  
2-52 design, acquire, construct, finance, issue bonds for, improve, and  
2-53 convey to this state, a county, or a municipality for operation and  
2-54 maintenance macadamized, graveled, or paved roads described by  
2-55 Section 54.234, Water Code, or improvements, including storm  
2-56 drainage, in aid of those roads.

2-57 (b) The district may exercise the powers provided by this  
2-58 section without submitting a petition to or obtaining approval from  
2-59 the commission as required by Section 54.234, Water Code.

2-60 Sec. 8014.104. APPROVAL OF ROAD PROJECT. (a) The district  
2-61 may not undertake a road project authorized by Section 8014.103  
2-62 unless:

2-63 (1) each municipality or county that will operate and  
2-64 maintain the road has approved the plans and specifications of the  
2-65 road project, if a municipality or county will operate and maintain  
2-66 the road; or

2-67 (2) the Texas Transportation Commission has approved  
2-68 the plans and specifications of the road project, if the state will  
2-69 operate and maintain the road.

3-1 (b) Except as provided by Subsection (a), the district is  
 3-2 not required to obtain approval from the Texas Transportation  
 3-3 Commission to design, acquire, construct, finance, issue bonds for,  
 3-4 improve, or convey a road project.

3-5 Sec. 8014.105. COMPLIANCE WITH MUNICIPAL CONSENT ORDINANCE  
 3-6 OR RESOLUTION. The district shall comply with all applicable  
 3-7 requirements of any ordinance or resolution that is adopted under  
 3-8 Section 54.016 or 54.0165, Water Code, and that consents to the  
 3-9 creation of the district or to the inclusion of land in the  
 3-10 district.

3-11 Sec. 8014.106. DIVISION OF DISTRICT. (a) The district may  
 3-12 be divided into two or more new districts only if:

- 3-13 (1) the district has no outstanding bonded debt;
- 3-14 (2) the district is not imposing ad valorem taxes; and
- 3-15 (3) the requirements of Subsection (k) have been met.

3-16 (b) This chapter applies to any new district created by the  
 3-17 division of the district, and a new district has all the powers and  
 3-18 duties of the district.

3-19 (c) Any new district created by the division of the district  
 3-20 may not, at the time the new district is created, contain any land  
 3-21 outside the area described by Section 2 of the Act creating this  
 3-22 chapter.

3-23 (d) The board, on its own motion or on receipt of a petition  
 3-24 signed by the owner or owners of a majority of the assessed value of  
 3-25 the real property in the district, may adopt an order dividing the  
 3-26 district.

3-27 (e) The board may adopt an order dividing the district  
 3-28 before or after the date the board holds an election under Section  
 3-29 8014.003 to confirm the creation of the district.

3-30 (f) An order dividing the district shall:

- 3-31 (1) name each new district;
- 3-32 (2) include the metes and bounds description of the  
 3-33 territory of each new district;
- 3-34 (3) appoint temporary directors for each new district;

3-35 and  
 3-36 (4) provide for the division of assets and liabilities  
 3-37 between or among the new districts.

3-38 (g) On or before the 30th day after the date of adoption of  
 3-39 an order dividing the district, the district shall file the order  
 3-40 with the commission and record the order in the real property  
 3-41 records of each county in which the district is located.

3-42 (h) Any new district created by the division of the district  
 3-43 shall hold a confirmation and directors' election as required by  
 3-44 Section 8014.003.

3-45 (i) If the creation of the new district is confirmed, the  
 3-46 new district shall provide the election date and results to the  
 3-47 commission.

3-48 (j) Any new district created by the division of the district  
 3-49 must hold an election as required by this chapter to obtain voter  
 3-50 approval before the district may impose a maintenance tax or issue  
 3-51 bonds payable wholly or partly from ad valorem taxes.

3-52 (k) If the district is located wholly or partly in the  
 3-53 corporate limits or the extraterritorial jurisdiction of a  
 3-54 municipality, the district may not divide under this section unless  
 3-55 the municipality by resolution or ordinance consents to the  
 3-56 division of the district. If the district is not located wholly or  
 3-57 partly in the corporate limits or extraterritorial jurisdiction of  
 3-58 a municipality, the district may not divide under this section  
 3-59 unless the commissioners court of each county in which the district  
 3-60 is wholly or partly located adopts a resolution or order consenting  
 3-61 to the division of the district.

3-62 Sec. 8014.107. LIMITATION ON USE OF EMINENT DOMAIN. The  
 3-63 district may not exercise the power of eminent domain outside the  
 3-64 district to acquire a site or easement for:

- 3-65 (1) a road project authorized by Section 8014.103; or
- 3-66 (2) a recreational facility as defined by Section  
 3-67 49.462, Water Code.

3-68 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

3-69 Sec. 8014.151. ELECTIONS REGARDING TAXES OR BONDS. (a) The

4-1 district may issue, without an election, bonds and other  
 4-2 obligations secured by revenue other than ad valorem taxes.

4-3 (b) The district must hold an election in the manner  
 4-4 provided by Chapters 49 and 54, Water Code, to obtain voter approval  
 4-5 before the district may impose an ad valorem tax or issue bonds  
 4-6 payable from ad valorem taxes.

4-7 (c) The district may not issue bonds payable from ad valorem  
 4-8 taxes to finance a road project unless the issuance is approved by a  
 4-9 vote of a two-thirds majority of the district voters voting at an  
 4-10 election held for that purpose.

4-11 Sec. 8014.152. OPERATION AND MAINTENANCE TAX. (a) If  
 4-12 authorized at an election held under Section 8014.151, the district  
 4-13 may impose an operation and maintenance tax on taxable property in  
 4-14 the district in accordance with Section 49.107, Water Code.

4-15 (b) The board shall determine the tax rate. The rate may not  
 4-16 exceed the rate approved at the election.

4-17 Sec. 8014.153. WATER AND SEWER RATES. Notwithstanding any  
 4-18 other law, the district shall establish the same rates for  
 4-19 residential and commercial classes of customers for the provision  
 4-20 of water and sewer services. For purposes of this section, the  
 4-21 commercial class may not include apartment complexes or other  
 4-22 multifamily dwellings.

4-23 SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

4-24 Sec. 8014.201. AUTHORITY TO ISSUE BONDS AND OTHER  
 4-25 OBLIGATIONS. The district may issue bonds or other obligations  
 4-26 payable wholly or partly from ad valorem taxes, impact fees,  
 4-27 revenue, contract payments, grants, or other district money, or any  
 4-28 combination of those sources, to pay for any authorized district  
 4-29 purpose.

4-30 Sec. 8014.202. TAXES FOR BONDS. At the time the district  
 4-31 issues bonds payable wholly or partly from ad valorem taxes, the  
 4-32 board shall provide for the annual imposition of a continuing  
 4-33 direct ad valorem tax, without limit as to rate or amount, while all  
 4-34 or part of the bonds are outstanding as required and in the manner  
 4-35 provided by Sections 54.601 and 54.602, Water Code.

4-36 Sec. 8014.203. BONDS FOR ROAD PROJECTS. At the time of  
 4-37 issuance, the total principal amount of bonds or other obligations  
 4-38 issued or incurred to finance road projects and payable from ad  
 4-39 valorem taxes may not exceed one-fourth of the assessed value of the  
 4-40 real property in the district.

4-41 SECTION 2. The Willacy County Municipal Utility District  
 4-42 No. 1 initially includes all the territory contained in the  
 4-43 following area:

4-44 Tracts 1, 2, 3, 4, & 5, Raymond Estate Reserve out of Share  
 4-45 Number 36, San Juan de Carricitos Grant, recorded in Volume 274,  
 4-46 Pages 106, Official Records, Willacy County, Texas, containing  
 4-47 501.42 acres gross and 497.71 acres net.

4-48 SECTION 3. (a) The legal notice of the intention to  
 4-49 introduce this Act, setting forth the general substance of this  
 4-50 Act, has been published as provided by law, and the notice and a  
 4-51 copy of this Act have been furnished to all persons, agencies,  
 4-52 officials, or entities to which they are required to be furnished  
 4-53 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
 4-54 Government Code.

4-55 (b) The governor, one of the required recipients, has  
 4-56 submitted the notice and Act to the Texas Commission on  
 4-57 Environmental Quality.

4-58 (c) The Texas Commission on Environmental Quality has filed  
 4-59 its recommendations relating to this Act with the governor, the  
 4-60 lieutenant governor, and the speaker of the house of  
 4-61 representatives within the required time.

4-62 (d) All requirements of the constitution and laws of this  
 4-63 state and the rules and procedures of the legislature with respect  
 4-64 to the notice, introduction, and passage of this Act are fulfilled  
 4-65 and accomplished.

4-66 SECTION 4. (a) Section 8014.107, Special District Local  
 4-67 Laws Code, as added by Section 1 of this Act, takes effect only if  
 4-68 this Act receives a two-thirds vote of all the members elected to  
 4-69 each house.

5-1 (b) If this Act does not receive a two-thirds vote of all the  
5-2 members elected to each house, Subchapter C, Chapter 8014, Special  
5-3 District Local Laws Code, as added by Section 1 of this Act, is  
5-4 amended by adding Section 8014.107 to read as follows:

5-5 Sec. 8014.107. NO EMINENT DOMAIN POWER. The district may  
5-6 not exercise the power of eminent domain.

5-7 (c) This section is not intended to be an expression of a  
5-8 legislative interpretation of the requirements of Section 17(c),  
5-9 Article I, Texas Constitution.

5-10 SECTION 5. This Act takes effect June 1, 2017, if it  
5-11 receives a vote of two-thirds of all the members elected to each  
5-12 house, as provided by Section 39, Article III, Texas Constitution.  
5-13 If this Act does not receive the vote necessary for effect on that  
5-14 date, this Act takes effect September 1, 2017.

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