

By: Creighton

S.B. No. 2014

A BILL TO BE ENTITLED

AN ACT

1
2 relating to consent of municipalities in the creation of municipal
3 utility districts.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Sections 54.016(a) and (f), Water Code, are
6 amended to read as follows:

7 (a) No land within the corporate limits of a city or within
8 the extraterritorial jurisdiction of a city, shall be included in a
9 district unless the city grants its written consent, by resolution
10 or ordinance, to the inclusion of the land within the district in
11 accordance with Section 42.042, Local Government Code, and this
12 section. The request to a city for its written consent to the
13 creation of a district, shall be signed by a majority in value of
14 the holders of title of the land within the proposed district as
15 indicated by the county tax rolls or, if there are more than 50
16 persons holding title to the land in the proposed district as
17 indicated by the county tax rolls, the request to the city will be
18 sufficient if it is signed by 50 holders of title to the land in the
19 district. A petition for the written consent of a city to the
20 inclusion of land within a district shall describe the boundaries
21 of the land to be included in the district by metes and bounds or by
22 lot and block number, if there is a recorded map or plat and survey
23 of the area, and state the general nature of the work proposed to be
24 done, the necessity for the work, and the cost of the project as

1 then estimated by those filing the petition. If, at the time a
2 petition is filed with a city for creation of a district, the
3 district proposes to connect to a city's water or sewer system or
4 proposes to contract with a regional water and wastewater provider
5 which has been designated as such by the commission as of the date
6 such petition is filed, to which the city has made a capital
7 contribution for the water and wastewater facilities serving the
8 area, the proposed district shall be designated as a "city service
9 district." If such proposed district does not meet the criteria for
10 a city service district at the time the petition seeking creation is
11 filed, such district shall be designated as a "noncity service
12 district." The city's consent shall not place any restrictions or
13 conditions on the creation of a noncity service district as defined
14 by this chapter [~~Chapter 54 of the Texas Water Code~~] other than
15 those expressly provided in Subsection (e) of this section and
16 shall specifically not limit the amounts of the district's bonds. A
17 city may not require annexation as a consent to creation of any
18 district. A city shall not refuse to approve a district bond issue
19 for any reason except that the district is not in compliance with
20 valid consent requirements applicable to the district. If a city
21 grants its written consent without the concurrence of the applicant
22 to the creation of a noncity service district containing conditions
23 or restrictions that the petitioning land owner or owners
24 reasonably believe exceed the city's powers, such land owner or
25 owners may petition the commission to create the district and to
26 modify the conditions and restrictions of the city's consent. The
27 commission may declare any provision of the consent to be null and

1 void. The commission may approve the creation of a district that
2 includes any portion of the land covered by the city's consent to
3 creation of the district. The legislature may create and may
4 validate the creation of a district that includes any portion of the
5 land covered by the city's consent to the creation of the district.

6 (f) A city may provide in its written consent for the
7 inclusion of land in a district that is initially located wholly or
8 partly outside the corporate limits of the city that a contract
9 ("allocation agreement") between the district and the city be
10 entered into prior to the first issue of bonds, notes, warrants, or
11 other obligations of the district. The allocation agreement shall
12 contain the following provisions:

13 (1) a method by which the district shall continue to
14 exist following the annexation of all territory within the district
15 by the city, if the district is [~~initially~~] located outside the
16 corporate limits of the city at the time the creation of the
17 district is approved by the district's voters;

18 (2) an allocation of the taxes or revenues of the
19 district or the city which will assure that, following the date of
20 the inclusion of all the district's territory within the corporate
21 limits of the city, the total annual ad valorem taxes collected by
22 the city and the district from taxable property within the district
23 does not exceed an amount greater than the city's ad valorem tax
24 upon such property;

25 (3) an allocation of governmental services to be
26 provided by the city or the district following the date of the
27 inclusion of all of the district's territory within the corporate

1 limits of the city; and

2 (4) such other terms and conditions as may be deemed
3 appropriate by the city.

4 SECTION 2. The change in law made to Section 54.016(f),
5 Water Code, as amended by this Act, applies only to an agreement
6 entered into on or after the effective date of this Act. An
7 agreement entered into before the effective date of this Act is
8 governed by the law in effect on the date the agreement was entered
9 into, and the former law is continued in effect for that purpose.

10 SECTION 3. This Act takes effect September 1, 2017.