

1-1 By: Smith (Senate Sponsor - Fallon) H.B. No. 4741
1-2 (In the Senate - Received from the House May 13, 2019;
1-3 May 14, 2019, read first time and referred to Committee on
1-4 Intergovernmental Relations; May 20, 2019, reported favorably by
1-5 the following vote: Yeas 7, Nays 0; May 20, 2019, 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 Grayson County Municipal Utility
1-18 District No. 5; 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 7892 to read as follows:

1-24 CHAPTER 7892. GRAYSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 5

1-25 SUBCHAPTER A. GENERAL PROVISIONS

1-26 Sec. 7892.0101. 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 Grayson County Municipal
1-32 Utility District No. 5.

1-33 Sec. 7892.0102. 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. 7892.0103. 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. 7892.0104. CONSENT OF MUNICIPALITY REQUIRED. The
1-41 temporary directors may not hold an election under Section
1-42 7892.0103 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. 7892.0105. FINDINGS OF PUBLIC PURPOSE AND BENEFIT.

1-47 (a) 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, improvement, operation,
1-53 or maintenance of macadamized, graveled, or paved roads, or
1-54 improvements, including storm drainage, in aid of those roads.

1-55 Sec. 7892.0106. INITIAL DISTRICT TERRITORY. (a) The
1-56 district is initially composed of the territory described by
1-57 Section 2 of the Act enacting this chapter.

1-58 (b) The boundaries and field notes contained in Section 2 of
1-59 the Act enacting this chapter form a closure. A mistake made in the
1-60 field notes or in copying the field notes in the legislative process
1-61 does not affect the district's:

- 2-1 (1) organization, existence, or validity;
- 2-2 (2) right to issue any type of bond for the purposes
- 2-3 for which the district is created or to pay the principal of and
- 2-4 interest on a bond;
- 2-5 (3) right to impose a tax; or
- 2-6 (4) legality or operation.

2-7 SUBCHAPTER B. BOARD OF DIRECTORS

2-8 Sec. 7892.0201. GOVERNING BODY; TERMS. (a) The district is

2-9 governed by a board of five elected directors.

2-10 (b) Except as provided by Section 7892.0202, directors

2-11 serve staggered four-year terms.

2-12 Sec. 7892.0202. TEMPORARY DIRECTORS. (a) On or after

2-13 September 1, 2019, the owner or owners of a majority of the assessed

2-14 value of the real property in the district may submit a petition to

2-15 the commission requesting that the commission appoint as temporary

2-16 directors the five persons named in the petition. The commission

2-17 shall appoint as temporary directors the five persons named in the

2-18 petition.

2-19 (b) Temporary directors serve until the earlier of:

2-20 (1) the date permanent directors are elected under

2-21 Section 7892.0103; or

2-22 (2) September 1, 2023.

2-23 (c) If permanent directors have not been elected under

2-24 Section 7892.0103 and the terms of the temporary directors have

2-25 expired, successor temporary directors shall be appointed or

2-26 reappointed as provided by Subsection (d) to serve terms that

2-27 expire on the earlier of:

2-28 (1) the date permanent directors are elected under

2-29 Section 7892.0103; or

2-30 (2) the fourth anniversary of the date of the

2-31 appointment or reappointment.

2-32 (d) If Subsection (c) applies, the owner or owners of a

2-33 majority of the assessed value of the real property in the district

2-34 may submit a petition to the commission requesting that the

2-35 commission appoint as successor temporary directors the five

2-36 persons named in the petition. The commission shall appoint as

2-37 successor temporary directors the five persons named in the

2-38 petition.

2-39 SUBCHAPTER C. POWERS AND DUTIES

2-40 Sec. 7892.0301. GENERAL POWERS AND DUTIES. The district

2-41 has the powers and duties necessary to accomplish the purposes for

2-42 which the district is created.

2-43 Sec. 7892.0302. MUNICIPAL UTILITY DISTRICT POWERS AND

2-44 DUTIES. (a) The district has the powers and duties provided by the

2-45 general law of this state, including Chapters 49 and 54, Water Code,

2-46 applicable to municipal utility districts created under Section 59,

2-47 Article XVI, Texas Constitution.

2-48 (b) Notwithstanding Subsection (a), the district may not

2-49 act as a retail provider of water or wastewater service.

2-50 (c) The district shall make the district's water and

2-51 wastewater facilities available to an entity holding the applicable

2-52 certificate of public convenience and necessity.

2-53 Sec. 7892.0303. AUTHORITY FOR ROAD PROJECTS. Under Section

2-54 52, Article III, Texas Constitution, the district may design,

2-55 acquire, construct, finance, issue bonds for, improve, operate,

2-56 maintain, and convey to this state, a county, or a municipality for

2-57 operation and maintenance macadamized, graveled, or paved roads, or

2-58 improvements, including storm drainage, in aid of those roads.

2-59 Sec. 7892.0304. ROAD STANDARDS AND REQUIREMENTS. (a) A

2-60 road project must meet all applicable construction standards,

2-61 zoning and subdivision requirements, and regulations of each

2-62 municipality in whose corporate limits or extraterritorial

2-63 jurisdiction the road project is located.

2-64 (b) If a road project is not located in the corporate limits

2-65 or extraterritorial jurisdiction of a municipality, the road

2-66 project must meet all applicable construction standards,

2-67 subdivision requirements, and regulations of each county in which

2-68 the road project is located.

2-69 (c) If the state will maintain and operate the road, the

3-1 Texas Transportation Commission must approve the plans and
 3-2 specifications of the road project.
 3-3 Sec. 7892.0305. MAINTENANCE OF ROADS IN TERRITORY OUTSIDE
 3-4 CORPORATE LIMITS OF MUNICIPALITY. If district territory, or a
 3-5 portion of district territory, is located outside the corporate
 3-6 limits of a municipality, the district shall maintain any road the
 3-7 district constructs located in that territory.
 3-8 Sec. 7892.0306. COMPLIANCE WITH MUNICIPAL CONSENT
 3-9 ORDINANCE OR RESOLUTION. The district shall comply with all
 3-10 applicable requirements of any ordinance or resolution that is
 3-11 adopted under Section 54.016 or 54.0165, Water Code, and that
 3-12 consents to the creation of the district or to the inclusion of land
 3-13 in the district.
 3-14 Sec. 7892.0307. DIVISION OF DISTRICT. (a) The district may
 3-15 be divided into two or more new districts only if the district:
 3-16 (1) has no outstanding bonded debt; and
 3-17 (2) is not imposing ad valorem taxes.
 3-18 (b) This chapter applies to any new district created by the
 3-19 division of the district, and a new district has all the powers and
 3-20 duties of the district.
 3-21 (c) Any new district created by the division of the district
 3-22 may not, at the time the new district is created, contain any land
 3-23 outside the area described by Section 2 of the Act enacting this
 3-24 chapter.
 3-25 (d) The board, on its own motion or on receipt of a petition
 3-26 signed by the owner or owners of a majority of the assessed value of
 3-27 the real property in the district, may adopt an order dividing the
 3-28 district.
 3-29 (e) The board may adopt an order dividing the district
 3-30 before or after the date the board holds an election under Section
 3-31 7892.0103 to confirm the district's creation.
 3-32 (f) An order dividing the district shall:
 3-33 (1) name each new district;
 3-34 (2) include the metes and bounds description of the
 3-35 territory of each new district;
 3-36 (3) appoint temporary directors for each new district;
 3-37 and
 3-38 (4) provide for the division of assets and liabilities
 3-39 between or among the new districts.
 3-40 (g) On or before the 30th day after the date of adoption of
 3-41 an order dividing the district, the district shall file the order
 3-42 with the commission and record the order in the real property
 3-43 records of each county in which the district is located.
 3-44 (h) Any new district created by the division of the district
 3-45 shall hold a confirmation and directors' election as required by
 3-46 Section 7892.0103. If the voters of a new district do not confirm
 3-47 the creation of the new district, the assets, obligations,
 3-48 territory, and governance of the new district revert to the
 3-49 original district.
 3-50 (i) Municipal consent to the creation of the district and to
 3-51 the inclusion of land in the district granted under Section
 3-52 7892.0104 acts as municipal consent to the creation of any new
 3-53 district created by the division of the district and to the
 3-54 inclusion of land in the new district.
 3-55 (j) Any new district created by the division of the district
 3-56 must hold an election as required by this chapter to obtain voter
 3-57 approval before the district may impose a maintenance tax or issue
 3-58 bonds payable wholly or partly from ad valorem taxes.
 3-59 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS
 3-60 Sec. 7892.0401. ELECTIONS REGARDING TAXES OR BONDS. (a)
 3-61 The district may issue, without an election, bonds and other
 3-62 obligations secured by:
 3-63 (1) revenue other than ad valorem taxes; or
 3-64 (2) contract payments described by Section 7892.0403.
 3-65 (b) The district must hold an election in the manner
 3-66 provided by Chapters 49 and 54, Water Code, to obtain voter approval
 3-67 before the district may impose an ad valorem tax or issue bonds
 3-68 payable from ad valorem taxes.
 3-69 (c) The district may not issue bonds payable from ad valorem

4-1 taxes to finance a road project unless the issuance is approved by a
4-2 vote of a two-thirds majority of the district voters voting at an
4-3 election held for that purpose.

4-4 Sec. 7892.0402. OPERATION AND MAINTENANCE TAX. (a) If
4-5 authorized at an election held under Section 7892.0401, the
4-6 district may impose an operation and maintenance tax on taxable
4-7 property in the district in accordance with Section 49.107, Water
4-8 Code.

4-9 (b) The board shall determine the tax rate. The rate may not
4-10 exceed the rate approved at the election.

4-11 Sec. 7892.0403. CONTRACT TAXES. (a) In accordance with
4-12 Section 49.108, Water Code, the district may impose a tax other than
4-13 an operation and maintenance tax and use the revenue derived from
4-14 the tax to make payments under a contract after the provisions of
4-15 the contract have been approved by a majority of the district voters
4-16 voting at an election held for that purpose.

4-17 (b) A contract approved by the district voters may contain a
4-18 provision stating that the contract may be modified or amended by
4-19 the board without further voter approval.

4-20 SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

4-21 Sec. 7892.0501. AUTHORITY TO ISSUE BONDS AND OTHER
4-22 OBLIGATIONS. The district may issue bonds or other obligations
4-23 payable wholly or partly from ad valorem taxes, impact fees,
4-24 revenue, contract payments, grants, or other district money, or any
4-25 combination of those sources, to pay for any authorized district
4-26 purpose.

4-27 Sec. 7892.0502. TAXES FOR BONDS. At the time the district
4-28 issues bonds payable wholly or partly from ad valorem taxes, the
4-29 board shall provide for the annual imposition of a continuing
4-30 direct ad valorem tax, without limit as to rate or amount, while all
4-31 or part of the bonds are outstanding as required and in the manner
4-32 provided by Sections 54.601 and 54.602, Water Code.

4-33 Sec. 7892.0503. BONDS FOR ROAD PROJECTS. At the time of
4-34 issuance, the total principal amount of bonds or other obligations
4-35 issued or incurred to finance road projects and payable from ad
4-36 valorem taxes may not exceed one-fourth of the assessed value of the
4-37 real property in the district.

4-38 SECTION 2. The Grayson County Municipal Utility District
4-39 No. 5 initially includes all the territory contained in the
4-40 following area:

4-41 BEING a tract of land situated in the Sarah Shoto Survey,
4-42 Abstract Number 1079, Grayson County, Texas and being all that
4-43 called 243.554 acre tract of land conveyed to Duck Bill Partners,
4-44 LTD, according to the document filed of record in Document Number
4-45 2002-19154, Deed Records Grayson County, Texas, and being more
4-46 particularly described as follows:

4-47 BEGINNING at a point on the north line of F.M. Highway 121 for
4-48 the southeast corner of said 243.554 acre tract and this tract;

4-49 THENCE North 88°44'31" West, with said north line, a distance
4-50 of 2298.48 feet to a point for corner of said 243.554 acre tract and
4-51 this tract;

4-52 THENCE North 62°42'31" West, a distance of 113.80 feet to a
4-53 point for corner of said 243.554 acre tract and this tract;

4-54 THENCE North 88°44'31" West, a distance of 25.00 feet to a
4-55 point for the southwest corner of said 243.554 acre tract and this
4-56 tract;

4-57 THENCE North 1°18'56" West, leaving the above mentioned north
4-58 line, a distance of 4329.49 feet to a point for the northwest corner
4-59 of said 243.554 acre tract and this tract;

4-60 THENCE South 88°54'39" East, a distance of 2481.57 feet to a
4-61 point for the northeast corner of said 243.554 acre tract and this
4-62 tract;

4-63 THENCE South 2°25'44" West, a distance of 1095.57 feet to a
4-64 point for corner of said 243.554 acre tract and this tract;

4-65 THENCE South 1°30'13" East, a distance of 1346.96 feet to a
4-66 point for corner of said 243.554 acre tract and this tract;

4-67 THENCE South 1°34'28" East, a distance of 1944.02 feet to the
4-68 POINT OF BEGINNING and containing 243.554 acres or 10,609,229
4-69 square feet of land, more or less.

5-1 SECTION 3. (a) The legal notice of the intention to
5-2 introduce this Act, setting forth the general substance of this
5-3 Act, has been published as provided by law, and the notice and a
5-4 copy of this Act have been furnished to all persons, agencies,
5-5 officials, or entities to which they are required to be furnished
5-6 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
5-7 Government Code.

5-8 (b) The governor, one of the required recipients, has
5-9 submitted the notice and Act to the Texas Commission on
5-10 Environmental Quality.

5-11 (c) The Texas Commission on Environmental Quality has filed
5-12 its recommendations relating to this Act with the governor, the
5-13 lieutenant governor, and the speaker of the house of
5-14 representatives within the required time.

5-15 (d) All requirements of the constitution and laws of this
5-16 state and the rules and procedures of the legislature with respect
5-17 to the notice, introduction, and passage of this Act are fulfilled
5-18 and accomplished.

5-19 SECTION 4. (a) If this Act does not receive a two-thirds
5-20 vote of all the members elected to each house, Subchapter C, Chapter
5-21 7892, Special District Local Laws Code, as added by Section 1 of
5-22 this Act, is amended by adding Section 7892.0308 to read as follows:

5-23 Sec. 7892.0308. NO EMINENT DOMAIN POWER. The district may
5-24 not exercise the power of eminent domain.

5-25 (b) This section is not intended to be an expression of a
5-26 legislative interpretation of the requirements of Section 17(c),
5-27 Article I, Texas Constitution.

5-28 SECTION 5. This Act takes effect September 1, 2019.

5-29 * * * * *