

1-1 By: Metcalf (Senate Sponsor - Kolkhorst) H.B. No. 5654  
 1-2 (In the Senate - Received from the House May 8, 2025;  
 1-3 May 21, 2025, read first time and referred to Committee on Local  
 1-4 Government; May 22, 2025, reported favorably by the following  
 1-5 vote: Yeas 6, Nays 0, 1 present not voting; May 22, 2025, sent to  
 1-6 printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8 Bettencourt	X			
1-9 Middleton				X
1-10 Cook	X			
1-11 Gutierrez	X			
1-12 Nichols	X			
1-13 Paxton	X			
1-14 West	X			

1-16 A BILL TO BE ENTITLED  
 1-17 AN ACT

1-18 relating to the creation of the Montgomery County Municipal Utility  
 1-19 District No. 263; granting a limited power of eminent domain;  
 1-20 providing authority to issue bonds; providing authority to impose  
 1-21 assessments, fees, and taxes.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Subtitle F, Title 6, Special District Local Laws  
 1-24 Code, is amended by adding Chapter 8016A to read as follows:

1-25 CHAPTER 8016A. MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT  
 1-26 NO. 263

1-27 SUBCHAPTER A. GENERAL PROVISIONS

1-28 Sec. 8016A.0101. DEFINITIONS. In this chapter:

1-29 (1) "Board" means the district's board of directors.

1-30 (2) "Commission" means the Texas Commission on  
 1-31 Environmental Quality.

1-32 (3) "Director" means a board member.

1-33 (4) "District" means the Montgomery County Municipal  
 1-34 Utility District No. 263.

1-35 Sec. 8016A.0102. NATURE OF DISTRICT. The district is a  
 1-36 municipal utility district created under Section 59, Article XVI,  
 1-37 Texas Constitution.

1-38 Sec. 8016A.0103. CONFIRMATION AND DIRECTOR ELECTION  
 1-39 REQUIRED. The temporary directors shall hold an election to  
 1-40 confirm the creation of the district and to elect five permanent  
 1-41 directors as provided by Section 49.102, Water Code.

1-42 Sec. 8016A.0104. CONSENT OF MUNICIPALITY REQUIRED. The  
 1-43 temporary directors may not hold an election under Section  
 1-44 8016A.0103 until each municipality in whose corporate limits or  
 1-45 extraterritorial jurisdiction the district is located has  
 1-46 consented by ordinance or resolution to the creation of the  
 1-47 district and to the inclusion of land in the district as required by  
 1-48 applicable law.

1-49 Sec. 8016A.0105. FINDINGS OF PUBLIC PURPOSE AND BENEFIT.  
 1-50 (a) The district is created to serve a public purpose and benefit.

1-51 (b) The district is created to accomplish the purposes of:

1-52 (1) a municipal utility district as provided by  
 1-53 general law and Section 59, Article XVI, Texas Constitution; and

1-54 (2) Section 52, Article III, Texas Constitution, that  
 1-55 relate to the construction, acquisition, improvement, operation,  
 1-56 or maintenance of macadamized, graveled, or paved roads, or  
 1-57 improvements, including storm drainage, in aid of those roads.

1-58 Sec. 8016A.0106. INITIAL DISTRICT TERRITORY. (a) The  
 1-59 district is initially composed of the territory described by  
 1-60 Section 2 of the Act enacting this chapter.

1-61 (b) The boundaries and field notes contained in Section 2 of

2-1 the Act enacting this chapter form a closure. A mistake made in the  
 2-2 field notes or in copying the field notes in the legislative process  
 2-3 does not affect the district's:

- 2-4 (1) organization, existence, or validity;
- 2-5 (2) right to issue any type of bond for the purposes  
 2-6 for which the district is created or to pay the principal of and  
 2-7 interest on a bond;
- 2-8 (3) right to impose a tax; or
- 2-9 (4) legality or operation.

2-10 SUBCHAPTER B. BOARD OF DIRECTORS

2-11 Sec. 8016A.0201. GOVERNING BODY; TERMS. (a) The district  
 2-12 is governed by a board of five elected directors.

2-13 (b) Except as provided by Section 8016A.0202, directors  
 2-14 serve staggered four-year terms.

2-15 Sec. 8016A.0202. TEMPORARY DIRECTORS. (a) On or after  
 2-16 January 1, 2026, the owner or owners of a majority of the assessed  
 2-17 value of the real property in the district may submit a petition to  
 2-18 the commission requesting that the commission appoint as temporary  
 2-19 directors the five persons named in the petition. The commission  
 2-20 shall appoint as temporary directors the five persons named in the  
 2-21 petition.

2-22 (b) Temporary directors serve until the earlier of:

- 2-23 (1) the date permanent directors are elected under  
 2-24 Section 8016A.0103; or
- 2-25 (2) January 1, 2030.

2-26 (c) If permanent directors have not been elected under  
 2-27 Section 8016A.0103 and the terms of the temporary directors have  
 2-28 expired, successor temporary directors shall be appointed or  
 2-29 reappointed as provided by Subsection (d) to serve terms that  
 2-30 expire on the earlier of:

- 2-31 (1) the date permanent directors are elected under  
 2-32 Section 8016A.0103; or
- 2-33 (2) the fourth anniversary of the date of the  
 2-34 appointment or reappointment.

2-35 (d) If Subsection (c) applies, the owner or owners of a  
 2-36 majority of the assessed value of the real property in the district  
 2-37 may submit a petition to the commission requesting that the  
 2-38 commission appoint as successor temporary directors the five  
 2-39 persons named in the petition. The commission shall appoint as  
 2-40 successor temporary directors the five persons named in the  
 2-41 petition.

2-42 SUBCHAPTER C. POWERS AND DUTIES

2-43 Sec. 8016A.0301. GENERAL POWERS AND DUTIES. The district  
 2-44 has the powers and duties necessary to accomplish the purposes for  
 2-45 which the district is created.

2-46 Sec. 8016A.0302. MUNICIPAL UTILITY DISTRICT POWERS AND  
 2-47 DUTIES. The district has the powers and duties provided by the  
 2-48 general law of this state, including Chapters 49 and 54, Water Code,  
 2-49 applicable to municipal utility districts created under Section 59,  
 2-50 Article XVI, Texas Constitution.

2-51 Sec. 8016A.0303. AUTHORITY FOR ROAD PROJECTS. Under  
 2-52 Section 52, Article III, Texas Constitution, the district may  
 2-53 design, acquire, construct, finance, issue bonds for, improve,  
 2-54 operate, maintain, and convey to this state, a county, or a  
 2-55 municipality for operation and maintenance macadamized, graveled,  
 2-56 or paved roads, or improvements, including storm drainage, in aid  
 2-57 of those roads.

2-58 Sec. 8016A.0304. ROAD STANDARDS AND REQUIREMENTS. (a) A  
 2-59 road project must meet all applicable construction standards,  
 2-60 zoning and subdivision requirements, and regulations of each  
 2-61 municipality in whose corporate limits or extraterritorial  
 2-62 jurisdiction the road project is located.

2-63 (b) If a road project is not located in the corporate limits  
 2-64 or extraterritorial jurisdiction of a municipality, the road  
 2-65 project must meet all applicable construction standards,  
 2-66 subdivision requirements, and regulations of each county in which  
 2-67 the road project is located.

2-68 (c) If the state will maintain and operate the road, the  
 2-69 Texas Transportation Commission must approve the plans and

3-1 specifications of the road project.

3-2 Sec. 8016A.0305. COMPLIANCE WITH MUNICIPAL CONSENT  
 3-3 ORDINANCE OR RESOLUTION. The district shall comply with all  
 3-4 applicable requirements of any ordinance or resolution that is  
 3-5 adopted under Section 54.016 or 54.0165, Water Code, and that  
 3-6 consents to the creation of the district or to the inclusion of land  
 3-7 in the district.

3-8 Sec. 8016A.0306. DIVISION OF DISTRICT. This chapter  
 3-9 applies to any new district created by the division of the district  
 3-10 under Section 49.316, Water Code, and a new district has all the  
 3-11 powers and duties of the district.

3-12 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

3-13 Sec. 8016A.0401. ELECTIONS REGARDING TAXES OR BONDS. (a)  
 3-14 The district may issue, without an election, bonds and other  
 3-15 obligations secured by:

3-16 (1) revenue other than ad valorem taxes; or

3-17 (2) contract payments described by Section  
 3-18 8016A.0403.

3-19 (b) The district must hold an election in the manner  
 3-20 provided by Chapters 49 and 54, Water Code, to obtain voter approval  
 3-21 before the district may impose an ad valorem tax or issue bonds  
 3-22 payable from ad valorem taxes.

3-23 (c) The district may not issue bonds payable from ad valorem  
 3-24 taxes to finance a road project unless the issuance is approved by a  
 3-25 vote of a two-thirds majority of the district voters voting at an  
 3-26 election held for that purpose.

3-27 Sec. 8016A.0402. OPERATION AND MAINTENANCE TAX. (a) If  
 3-28 authorized at an election held under Section 8016A.0401, the  
 3-29 district may impose an operation and maintenance tax on taxable  
 3-30 property in the district in accordance with Section 49.107, Water  
 3-31 Code.

3-32 (b) The board shall determine the tax rate. The rate may not  
 3-33 exceed the rate approved at the election.

3-34 Sec. 8016A.0403. CONTRACT TAXES. (a) In accordance with  
 3-35 Section 49.108, Water Code, the district may impose a tax other than  
 3-36 an operation and maintenance tax and use the revenue derived from  
 3-37 the tax to make payments under a contract after the provisions of  
 3-38 the contract have been approved by a majority of the district voters  
 3-39 voting at an election held for that purpose.

3-40 (b) A contract approved by the district voters may contain a  
 3-41 provision stating that the contract may be modified or amended by  
 3-42 the board without further voter approval.

3-43 SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

3-44 Sec. 8016A.0501. AUTHORITY TO ISSUE BONDS AND OTHER  
 3-45 OBLIGATIONS. The district may issue bonds or other obligations  
 3-46 payable wholly or partly from ad valorem taxes, impact fees,  
 3-47 revenue, contract payments, grants, or other district money, or any  
 3-48 combination of those sources, to pay for any authorized district  
 3-49 purpose.

3-50 Sec. 8016A.0502. TAXES FOR BONDS. At the time the district  
 3-51 issues bonds payable wholly or partly from ad valorem taxes, the  
 3-52 board shall provide for the annual imposition of a continuing  
 3-53 direct ad valorem tax, without limit as to rate or amount, while all  
 3-54 or part of the bonds are outstanding as required and in the manner  
 3-55 provided by Sections 54.601 and 54.602, Water Code.

3-56 Sec. 8016A.0503. BONDS FOR ROAD PROJECTS. At the time of  
 3-57 issuance, the total principal amount of bonds or other obligations  
 3-58 issued or incurred to finance road projects and payable from ad  
 3-59 valorem taxes may not exceed one-fourth of the assessed value of the  
 3-60 real property in the district.

3-61 SECTION 2. The Montgomery County Municipal Utility District  
 3-62 No. 263 initially includes all the territory contained in the  
 3-63 following area:

3-64 BEING a 87.24 acre tract of land in the John Corner Survey,  
 3-65 Abstract 8, Montgomery County, Texas, and being all of a called  
 3-66 6.795 acre tract of land as recorded in Montgomery County Clerk's  
 3-67 File No. 2016-115162, all of a called 2.538 acre tract as recorded  
 3-68 under Montgomery County Clerk's File No. 2017-004689, all of a  
 3-69 called 3.874 acre tract as recorded in Montgomery County Clerk's

4-1 File No. 9810532, all of a called 51.052 acre tract as recorded in  
 4-2 County Clerk's File No. 2016-053457, a portion of a called 7.03  
 4-3 acre tract of land as recorded in County Clerk's File  
 4-4 No. 2021-055312, and a portion of a called 26.11 acre tract of land  
 4-5 as recorded in County Clerk's File No. 2020-099492. Said 87.24 acre  
 4-6 tract being more particularly described as follows, with all  
 4-7 bearings and grid coordinates referenced to NAD '83 Texas Central  
 4-8 Zone  
 4-9 COMMENCING at a 5/8" iron rod found { N: 10134219.32, E:  
 4-10 3770074.82} on the southerly Right of Way of State Highway 105, for  
 4-11 the northwesterly corner of the JW Jolene Subdivision as recorded  
 4-12 in Cabinet Z Sheet 6077 of the County Map Records, also being the  
 4-13 northeasterly corner of the said 26.11 acre tract  
 4-14 THENCE S 09deg 54'13" W a distance of 807.15 feet along the  
 4-15 westerly line of the JW Jolene Subdivision to a 5/8" iron rod found  
 4-16 for the southwesterly corner of JW Jolene Subdivision and the POINT  
 4-17 OF BEGINNING of the herein described tract;  
 4-18 THENCE S 79deg 28'19" E a distance of 321.02 feet along the  
 4-19 southerly line of the JW Jolene Subdivision, to a 5/8" iron rod  
 4-20 found for the southeasterly corner of the said JW Jolene  
 4-21 Subdivision, also being the southwesterly corner of a called 3.50  
 4-22 acre tract of land as recorded in County Clerk's File No. 9356111;  
 4-23 THENCE S 79deg 46'38" E a distance of 189.11 feet along the  
 4-24 southerly line of the said 3.50 acre tract, to a 5/8" iron rod found  
 4-25 on the westerly line of Roman Hills Subdivision, Section 1 as  
 4-26 recorded in Cabinet A, Sheet 81 of the County Map Records;  
 4-27 THENCE along the westerly line of Roman Hills Subdivision  
 4-28 Section 1 the following:  
 4-29 THENCE S 52deg 21'56" W a distance of 32.70 feet;  
 4-30 THENCE S 21deg 37'14" W a distance of 369.55 feet;  
 4-31 THENCE S 56deg 37'54" W a distance of 1220.44 feet;  
 4-32 THENCE N 80deg 51'39" W a distance of 9.37 feet to the  
 4-33 southeasterly corner of a called 11.06 acre tract of land as  
 4-34 recorded in County Clerk's File No. 2020-142820  
 4-35 THENCE N 09deg 54'13" E a distance of 794.76 feet along the  
 4-36 easterly line of the said 11.06 acre tract to a 5/8" iron rod found  
 4-37 for the northeasterly corner of the said 11.06 acre tract;  
 4-38 THENCE N 80deg 05'47" W a distance of 600.00 feet to a 5/8"  
 4-39 iron rod found for the northwesterly corner of the said 11.06 acre  
 4-40 tract;  
 4-41 THENCE S 09deg 54'12" W a distance of 812.79 feet along the  
 4-42 westerly line of the said 11.06 to a 1/2" iron rod for the  
 4-43 southwesterly corner of the said 11.06 acre tract, on the northerly  
 4-44 line of a called 104.5 acre tract of land as recorded in County  
 4-45 Clerk's File No. 2022-122722;  
 4-46 THENCE N 80deg 07'54" W a distance of 1075.26 feet along the  
 4-47 northerly line of the said 104.5 acre tract to a 5/8" iron rod found  
 4-48 for the southwesterly corner of the said 51.052 acre tract;  
 4-49 THENCE N 09deg 54'32" E a distance of 416.02 feet along the  
 4-50 westerly line of the said 51.052 acre tract to the southeasterly  
 4-51 corner of the said 3.874 acre tract;  
 4-52 THENCE N 80deg 07'20" W a distance of 10.57 feet to a 60' Right  
 4-53 of Way known as Club Drive and recorded in County Clerk's File  
 4-54 No. 9219822;  
 4-55 THENCE along the northeasterly line of Club Drive the  
 4-56 following:  
 4-57 THENCE N 09deg 52'40" E a distance of 204.93 feet;  
 4-58 THENCE with a curve turning to the left with an arc length of  
 4-59 1042.73', with a radius of 1082.90', with a chord bearing of N 17deg  
 4-60 42'39" W, with a chord length of 1002.91';  
 4-61 THENCE N 45deg 10'35" W a distance of 458.77 feet;  
 4-62 THENCE with a curve turning to the right with an arc length of  
 4-63 322.04', with a radius of 337.41', with a chord bearing of N 17deg  
 4-64 51'07" W, with a chord length of 309.95' to the southerly Right of  
 4-65 Way of State Highway No. 105 and being the northwesterly corner of  
 4-66 the herein described tract;  
 4-67 THENCE along the southerly line of State Highway No 105 the  
 4-68 following:  
 4-69 THENCE S 80deg 28'30" E a distance of 43.41 feet;

5-1           THENCE S 80deg 27'13" E a distance of 649.95 feet;  
5-2           THENCE S 83deg 59'40" E a distance of 151.78 feet;  
5-3           THENCE S 83deg 46'05" E a distance of 150.43 feet;  
5-4           THENCE S 80deg 12'35" E a distance of 306.70 feet;  
5-5           THENCE S 69deg 41'13" E a distance of 216.36 feet;  
5-6           THENCE N 19deg 48'21" E a distance of 40.00 feet;  
5-7           THENCE S 80deg 07'48" E a distance of 550.86 feet to the  
5-8 northwesterly corner of a called 3.948 acre tract of land as  
5-9 recorded in County Clerk's File No. 2016-102606;  
5-10           THENCE S 09 deg 57'38" W a distance of 867.19 feet to the  
5-11 southwesterly corner of the said 3.948 acre tract;  
5-12           THENCE S 80deg 05'47" E a distance of 200.00 feet to the  
5-13 southeasterly corner of the said 3.948 acre tract;  
5-14           THENCE N 09deg 54'13" E a distance of 50.68 feet to a point  
5-15 along the easterly line of the said 3.948 acre tract;  
5-16           THENCE S 79deg 28'19" E a distance of 885.05 across the said  
5-17 7.03 acre tract and the said 26.11 acre tract, to the POINT OF  
5-18 BEGINNING, and containing 87.24 acres of land, more or less.

5-19           SECTION 3. (a) The legal notice of the intention to  
5-20 introduce this Act, setting forth the general substance of this  
5-21 Act, has been published as provided by law, and the notice and a  
5-22 copy of this Act have been furnished to all persons, agencies,  
5-23 officials, or entities to which they are required to be furnished  
5-24 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
5-25 Government Code.

5-26           (b) The governor, one of the required recipients, has  
5-27 submitted the notice and Act to the Texas Commission on  
5-28 Environmental Quality.

5-29           (c) The Texas Commission on Environmental Quality has filed  
5-30 its recommendations relating to this Act with the governor, the  
5-31 lieutenant governor, and the speaker of the house of  
5-32 representatives within the required time.

5-33           (d) All requirements of the constitution and laws of this  
5-34 state and the rules and procedures of the legislature with respect  
5-35 to the notice, introduction, and passage of this Act are fulfilled  
5-36 and accomplished.

5-37           SECTION 4. (a) If this Act does not receive a two-thirds  
5-38 vote of all the members elected to each house, Subchapter C, Chapter  
5-39 8016A, Special District Local Laws Code, as added by Section 1 of  
5-40 this Act, is amended by adding Section 8016A.0307 to read as  
5-41 follows:

5-42           Sec. 8016A.0307. NO EMINENT DOMAIN POWER. The district may  
5-43 not exercise the power of eminent domain.

5-44           (b) This section is not intended to be an expression of a  
5-45 legislative interpretation of the requirements of Section 17(c),  
5-46 Article I, Texas Constitution.

5-47           SECTION 5. This Act takes effect January 1, 2026.

5-48

\* \* \* \* \*