

**Background:** Municipal Utility Districts (MUDs) and other water districts are critical to the expansion and continued development of parks and recreational facilities in our region. Suburban areas have been transformed since 2003 when MUDs were first authorized to issue park bonds. However, under current state law, MUD bonds for recreational facilities are restricted (see more below). This restriction does not apply to the financing of any other MUD facilities; only paying for recreational facilities is limited. This restriction inhibits the development of parks and large green spaces in all types of communities, from large master planned communities, to smaller neighborhoods built decades ago with relatively fewer amenities.

- **What does HB 1410 do?**

HB 1410 by Rep. Jim Murphy fixes the current restriction on recreational and green space financing in a fiscally-conservative and pragmatic way by allowing only the most established and financially healthy districts to have more flexibility in programming bonds for parks. HB 1410 uses an established test in the TCEQ rules to distinguish those financially superior districts. This allows MUDs that correctly manage their finances and debt to use voter-approved bonds for additional critical green space to their communities. Allowing recreational bonds has been very successful and has allowed for hundreds of acres of critical green space such as the ones shown here!

- **What are Recreational Facilities in Municipal Utility Districts (MUDs) and other Water Districts?**

- (A) Forests, greenbelts, open spaces, and native habitat
- (B) Sidewalks, trails, paths, boardwalks, and fitness trail equipment
- (C) Pedestrian bridges and underpasses that are less than 200 feet
- (D) Outdoor ballfields
- (E) Parks
- (F) Amenity lakes, and associated water features
- (G) Landscaping (including, but not limited to, trees, shrubs, and berms) and associated irrigation<sup>1</sup>

- **Where and How can MUDs pay for Recreation Facilities in Texas?**

MUDs pay for and finance public infrastructure (such as water, sewer, and drainage facilities and roads) through bonds supported by ad valorem taxes. Likewise, MUDs located in Bastrop, Bexar, Waller, Travis, Williamson, Harris, Galveston, Brazoria, Montgomery (some restrictions apply), or Fort Bend Counties may issue bonds supported by ad valorem taxes to pay for the development and maintenance of recreational facilities only if the bonds are authorized by a majority vote of the voters of the district voting in an election held for that purpose and accessible to the general public of the district.<sup>2 & 3</sup>

Currently, MUD's outstanding bonds supported by ad valorem taxes for recreational facilities may not exceed 1% of the taxable value of property in the district at the time of issuance of the debt.<sup>4</sup>

MUD 230 – Recreational Facilities



Cross Creek Ranch – Recreational Facilities



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<sup>1</sup> Texas Administrative Code, Title 30, Part 1 TCEQ, Chapter 293.41., Subchapter E

<sup>2</sup> Texas Water Code (TWC) Sec. 49.464. ACQUISITION OF AND PAYMENT FOR RECREATIONAL FACILITIES.

<sup>3</sup> Article XVI, Section 59, Texas Constitution; TWC Sec. 49.4645. DISTRICT IN CERTAIN COUNTIES: BONDS FOR RECREATIONAL FACILITIES.

<sup>4</sup> Texas Administrative Code, Title 30, Part 1 TCEQ, Chapter 293.41., Subchapter E