

MUNICIPAL UTILITY DISTRICTS



Policy Description:

Created under Chapter 54 of the Texas Water Code, a Municipal Utility District (MUD) is a political subdivision of the State of Texas authorized by the Texas Commission of Environmental Quality (TCEQ) to provide water, sewage, drainage and other services within the MUD boundaries. The publically elected Board of Directors manages and controls all of the affairs of the MUD subject to the continuing supervision of the Texas Commission of Environmental Quality. The Board establishes policies in the interest of its residents and utility customers. A MUD may adopt and enforce all necessary charges, fees and taxes in order to provide district facilities and service. MUD tax rates, like all property tax rates, vary according to property values and debt requirements. MUD rates generally decline over time as the MUD is built out and operating and debt service costs are shared by more homeowners.

In addition to their common functions of water and wastewater service, MUDs are legally empowered to engage in conservation, irrigation, electrical generation, firefighting, solid waste collection and disposal, and recreational activities (such as parks, swimming pools, and sports courts). A MUD can provide for itself the recreational amenities that are approved by the Board of Directors and funded by the District.

Eligibility Criteria:

A majority of property owners in the proposed district petitions the Texas Commission of Environmental Quality to create a MUD. The TCEQ evaluates the petition, holds a public hearing, and grants or denies the petition. After approval, the TCEQ appoints five temporary members to the MUD's Board of Directors, until an election is called to elect permanent Board members, to confirm the MUD's creation, and to authorize bonds and taxing authority for bond repayment.

Developers are prohibited from serving or placing employees, business associates, or family members on the MUD Board of Directors. Developers must pay for or put up a letter of credit equal to 30% of the cost of subdivision utilities. This requirement ensures against "fly-by-night operators" who are not committed to the success of the MUD. The "30% rule" also offers protection to MUD residents in the event that a subdivision is not built according to schedule. Unless they are voting residents within a MUD, developers have no authority or control over the MUD's Board of Directors. If they are voting members of a district, they have the same power to vote and attend Board meetings as any other resident.

How to Apply:

When it is proposed to create a district, a petition requesting creation shall be filed with the TCEQ. The petition shall be signed by a majority in value of the holders of title of the land within the proposed district, as indicated by the tax rolls of the central appraisal district. If there are more than 50 persons holding title to the land in the proposed district, as indicated by the tax rolls of the central appraisal district, the petition is sufficient if it is signed by 50 holders of title to the land. The petition shall:

- Describe the boundaries of the proposed district by metes and bounds or by lot and block number, if there is a recorded map or plat and survey of the area;
- State the general nature of the work proposed to be done, the necessity for the work, and the cost of the project as then estimated by those filing the petition; and
- Include a name of the district which shall be generally descriptive of the locale of the district followed by the words Municipal Utility District, or if a district is located within one county, it may be designated " _____ County Municipal Utility District No. _____."

No land within the corporate limits of a city or within the extraterritorial jurisdiction of a city, shall be included in a district unless the city grants its written consent, by resolution or ordinance, to the inclusion of the land within the district in accordance with Section 42.042, Local Government Code.

Please contact the City of Corpus Christi's Economic Development Office at (361) 826-3850 to request the application or visit www.cctexas.com/economicdevelopment to download the application.

The City shall not grant any incentive unless the business submits a full and complete application and provides additional information as may be requested. The accuracy of the information in the application is the sole responsibility of the applicant. The applicant shall provide supporting documentation upon request. Any misstatement of or error in fact may render an application null and void and may be cause for repeal of any ordinance adopted in reliance of said information.

If it is determined that the application meets these guidelines, a full and financial programmatic review will be conducted. This review may be done by City Staff, an outside agency or consultant and will ensure conformance with these guidelines.

Additional Resources:

Development Services

www.cctexas.com/developmentservices