

# MUNICIPAL UTILITY DISTRICTS



TSDC

- A Municipal Utility District (MUD) is the most common form of Texas political subdivision created to finance infrastructure such as water, sewer, drainage, parks, and roads.
- Can be created by an act of the Texas Legislature or through a petition to the TCEQ. Requires approval from the city with jurisdiction over the extraterritorial jurisdiction (ETJ) and the TCEQ. The Texas Attorney General's office also provides oversight.
- Regulated by the general laws created under Section 59, Article XVI, Texas Constitution, including Chapters 49 and 54, Water Code.
- Governed by a board of five elected (or appointed) directors who have the power to set water rates, establish rules for water usage, and manage the district's operations.
- Generally funded through taxes levied on the property within the district, and revenue generated from water and sewer services.
- MUDs can issue bonds to finance infrastructure projects, collect fees for water and wastewater services, and adopt other fees as allowed by the Water Code and TCEQ Rules. The TCEQ also oversees the issuance of bonds and other financial and operational activities.
- Over 1,000 MUDs exist in Texas, many of which provide a full range of community development and public services in addition to their core functions of water, sewer, and drainage—including contracting for police, fire, EMS, garbage, and similar services.
- Associated Organizations: Association of Water Board Directors (AWBD) and Texas Rural Water Association ((TRWA)