

BILL ANALYSIS

H.B. 1309
By: Pitts
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

H.B. 1309 removes an unintended contradiction in the laws governing non-profit water supply and sewer service corporations. These corporations are created under the specific provisions of Chapter 67, Texas Water Code. Section 67.004, Water Code, expressly provides that the provisions of the Texas Non-Profit Corporation Act apply to these corporations unless there is a conflict (in which case the provisions of Chapter 67 control). The Texas Non-Profit Corporation Act, however, provides that the Act does not apply to any nonprofit corporation if any one or more of its purposes is to provide water or sewer service.

This apparent contradiction is unintended. In fact, the nonprofit water supply and sewer service corporations in Texas rely upon the Non-Profit Corporation Act for creation, amendments of articles and bylaws, and dissolutions. A pivotal part of the ongoing business of these corporations includes meetings and elections by its members; the sale of revenue bonds to finance some construction projects; meetings and the conduct of business by their governing boards of directors. Chapter 67, Texas Water Code, has little or no provision for these activities; the corporations rely on the Non-Profit Corporations Act for their statutory authority and constraints in these matters.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 1309 resolves any unintended contradiction in the law by deleting the language in the Texas Non-Profit Corporation Act which states the Act does not apply to nonprofit water supply and sewer service corporations. With this language removed, the coordination of the two statutes will be governed unambiguously by Section 67.004 of the Texas Water Code.

EFFECTIVE DATE

On passage, or if the Act does not receive the necessary vote, the Act takes effect on September 1, 2003.