

BILL ANALYSIS

C.S.H.B. 3214
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Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In 1971, the legislature, in establishing Municipal Utility Districts (MUDs) authorized 48 workdays to compensate directors for their responsibilities. In 1995, recognizing that some MUDs were becoming multi-service entities with an increase in responsibilities and requirements, the legislature increased that level of compensation to 60 workdays. Again, in recognition of the increased workload on MUD directors, the legislature, in 2001, increased the per diem compensation from \$100 a day to \$150 a day, while leaving the cap unchanged at \$6,000. This action had the unintended effect of reducing compensated workdays from 60 days to 40 days.

Recent events have significantly increased the workload for MUD directors. Directors of larger, multi-service districts or districts that are active in the build-out stage require more time and training days in order to properly administer the responsibilities of the MUD. This bill provides provisions for exceeding the \$6,000 cap.

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

SECTION 1. Amends Section 49.060, Water Code by adding in subsection (a) the definition for performance of duties of a director and adding a new subsection (a-1) which requires the board to adopt a resolution setting a limit on the fees of office per year. It also adds that the director's fees of office may not exceed \$7,200.

SECTION 2. Repeals Section 49.060(d), Water Code which allowed a director to receive a per diem of \$100 for each day the director actually spends performing the duties of a director in lieu of the fees of office of not more than \$150 a day for each day the director actually spends performing the duties of a director.

SECTION 3. Effective Date.

EFFECTIVE DATE

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

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 3214 is a legislative council draft of the original bill. Language was added to define "performing the duties of director" in 49.060 (a), Water Code. Additionally, the substitute applies to all MUD directors instead of only those that own and operate one or more of the following: a water treatment plant, a wastewater treatment plant or a parks and recreational facility. A requirement that the local board set

a limit on fees of office was added and the cap was set at \$7,200 a year rather than the original \$15,000 a year. Finally, an effective date was added.