

BILL ANALYSIS

H.B. 1599
By: Callegari
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Municipal Utility Districts (“MUDs”) and municipalities are authorized to enter into “Strategic Partnership Agreements” (“SPAs”) pursuant to Section 43.0751, Local Government Code. Pursuant to an SPA, a municipality may provide funds to a MUD to provide particular services or improvements. Other agreements between a MUD and a municipality, such as a utility agreement, may also provide for municipal funding of certain MUD services or improvements. House Bill 1599 clarifies that if a MUD receives funds from a municipality pursuant to a contract, then it may use such funds for any purpose of the MUD or the municipality. This ensures that a MUD will be able to spend contract municipal funds in the same manner and for the same purposes as the municipality.

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 Chapter 49, Water Code to authorize a district that receives money from a municipality under the terms of a contract with the municipality to use the funds for any purpose of the district or the municipality unless the contract specifies otherwise.

SECTION 2. Transition language specifying that changes implemented by the Act apply to contracts entered into after the Act's effective date.

EFFECTIVE DATE

Effective date upon passage with two-thirds vote from each house, or September 1, 2005.