

BILL ANALYSIS

C.S.H.B. 1644
By: Callegari
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, a water control and improvement district or a municipal utility district does not have specific authority to contract to convey facilities to another water district in order to promote continuous, adequate, affordable, and reliable water and sewer services to the district through regional facilities. CSHB 1644 provides the authority for water control and improvement districts and municipal utility districts to enter into a contract to convey district facilities to another water district or water supply corporation in order to facilitate regional utility services and provide affordable utility services to their customers.

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 Subchapter D, Chapter 51, Water Code, by adding Section 51.150, as follows:

- (a) Defines “authorized water district” as meaning a district created under Section 52(b)(1) or (2), Article III, or Section 59, Article XVI, Texas Constitution.
- (b) Grants a district the authority to enter into a contract with an authorized water district or water supply corporation to acquire and convey all or part of water and sewer facilities necessary for utility service for the district.
- (c) Provides that a contract may grant the authority to an authorized water district or water supply corporation to purchase water or sewer facilities through periodic payments to the district, that when combined with district income, are sufficient to pay the principal and interest on any bonds of the district.
- (d) Provides that a contract may grant authority to an authorized water district or water supply corporation to operate the utility system conveyed by the district.
- (e) Provides that a contract may require the district make available to the authorized water district or water supply corporation all or part of raw or treated water to be used for service within the district.
- (f) Provides that if a contract includes provisions for the district water, sewer or drainage system to be conveyed to the authorized water district or water supply corporation on or after completion of construction, the authorized water district or water supply corporation may pay the district to provide services to the district residents of the district or customers of the corporation.
- (g) The contract may grant the authority for the district to convey to the authorized water district or water supply corporation, at no cost, a utility service system and require the authorized water district or water supply corporation to use all or part of the system to provide retail service to customers within the district or corporation.
- (h) Requires that a contract be approved by a majority vote of the governing bodies of the district and the authorized water district or water supply corporation. If the Texas Constitution requires that qualified voters of the district approve the imposition of a tax by the district or the authorized water district, the district or authorized water district shall call an election for that purpose.

SECTION 2. Amends Section 51.402, Water Code, to grant the authority for a district to issue bonds for any purpose authorized by Chapter 51 or Chapter 49, Water Code, which is necessary

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to provide improvements and maintenance of improvements.

SECTION 3. Amends Subchapter D, Chapter 54, Water Code by adding Section 54. 2351 as follows:

- (a) Defines “authorized water district” as meaning a district created under Section 52(b)(1) or (2), Article III, or Section 59, Article XVI, Texas Constitution.
- (b) Grants a district the authority to enter into a contract with an authorized water district or water supply corporation to acquire and convey all or part of water and sewer facilities necessary for utility service for the district.
- (c) Provides that a contract may grant the authority to an authorized water district or water supply corporation to purchase water or sewer facilities through periodic payments to the district, that when combined with district income, are sufficient to pay the principal and interest on any bonds of the district.
- (d) Provides that a contract may grant authority to an authorized water district or water supply corporation to operate the utility system conveyed by the district.
- (e) Provides that a contract may require the district make available to the authorized water district or water supply corporation all or part of raw or treated water to be used for service within the district.
- (f) Provides that if a contract includes provisions for the district water, sewer or drainage system to be conveyed to the authorized water district or water supply corporation on or after completion of construction, the authorized water district or water supply corporation may pay the district to provide services to the residents of the authorized water district or customers of the water supply corporation.
- (g) The contract may grant the authority for the district to convey to the authorized water district or water supply corporation, at no cost, a utility service system and require the authorized water district or water supply corporation to use all or part of the system to provide retail service to customers within the district or corporation.
- (h) Requires that a contract be approved by a majority vote of the governing bodies of the district and the authorized water district or water supply corporation. If the Texas Constitution requires that qualified voters of the district approve the imposition of a tax by the district or the authorized water district, the district or authorized water district shall call an election for that purpose.

SECTION 4. Amends Section 54.501, Chapter 54, Water Code, to grant the authority for a district to issue bonds for any purpose authorized by Chapter 54 or Chapter 49, Water Code, which is necessary to provide improvements and maintenance of improvements.

SECTION 5. The change in law made by this Act applies only to a contract between a water control and improvement district or a municipal utility district and another water district or water supply corporation entered into on or after the effective date of this Act. A contract entered into before the effective date of this Act is covered by the law in effect on the date the contract was entered into, and the former law is continued in effect for that purpose.

SECTION 6. Any contract entered into by a municipal utility district or a water control and improvement district before the effective date of this Act that provides that the district will acquire and convey all or part of a water supply, treatment, or distribution system, a sanitary sewage collection or treatment system, or works or improvements necessary for drainage of land in the district, to a district created under Section 52(b)(1) or (2), Article III, or Section 59, Article XVI, Texas Constitution, or a water supply corporation, is validated in all respects as if the contract were entered into as authorized by law.

EFFECTIVE DATE

CSHB 1644 takes effect immediately if it receives a 2/3rds vote in both chambers, otherwise it takes effect Sept. 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

SECTION 1. The substitute modified the original bill by eliminating a provision requiring a district to pay impact fees to an authorized water district or water supply corporation.

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SECTION 3. The substitute modified the original bill by eliminating a provision requiring a district to pay impact fees to an authorized water district or water supply corporation.