

BILL ANALYSIS

C.S.H.B. 3491
By: Quintanilla
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In order to promote a more efficient, effective, and less expensive method of providing water to East Montana, this bill authorizes the Board of Directors of the Homestead Municipal Utility District to dissolve the district and transfer the district's assets and liabilities to the City of El Paso.

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 would define "City" as the City of El Paso; "District" as the Homestead Municipal Utility District; "District board" as the board of directors of the Homestead Municipal Utility District; and "Executive Director" as the executive director of the Texas Commission on Environmental Quality.

Section 2 would authorize the board to transfer the district's assets and liabilities to the City of El Paso in accordance with the district's written request for El Paso Water Utilities to take over the management of its water supply system. The board would be required to notify the executive director of the Texas Commission on Environmental Quality and request an order of dissolution if the El Paso Water Utilities Public Service Board approves the district's request. The board would also be required to provide any other information or documentation the executive director deems necessary to monitor the transfer.

Section 3 would require the executive director to investigate to verify whether the parties have met the conditions necessary for the transfer and to issue an order of dissolution if he or she determines that the district is ready to be dissolved, the assets and liabilities are ready to be transferred and incorporated into the city's water system, the city and the El Paso Water Utilities Public Service Board are prepared to accept the transfer, and the city council has adopted a resolution approving the transfer. In issuing a dissolution order, the executive director would be required to direct the board to provide the city, the El Paso Water Utilities Public Service Board, and the secretary of state all transfer documents, order the dissolution, and order the transfer of all assets and liabilities. Consideration of the order would not be considered a contested case under Chapter 2001 of the Government Code. The order would be considered sufficient to accomplish the dissolution and transfer of assets and liabilities. The executive director would be required to file certified copies of the order of dissolution and the city council's resolution with the secretary of state and in the deed records of El Paso County.

Section 4 would authorize the city, through the El Paso Water Utilities Public Service Board, to collect all money owed to the district after the date the dissolution order is issued including taxes, fees, charges, and the district's accounts receivable.

Section 5 would authorize the city, through the El Paso Water Utilities Public Service Board, to charge El Paso County residents living in the service area formerly served by the district water supply rates that exceed the rates paid by water supply customers who are residents of the city if the higher rates are necessary or appropriate to fully cover the cost of service to the area. The rate could be an amount necessary to recover the costs of operation and maintenance of the water

supply or improvements serving the area plus debt service and a monthly water supply fee. Section 16.349, Water Code would not affect the amount of the fee charged under this section.

EFFECTIVE DATE

CSHB 3491 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

The substitute modified the original by eliminating a provision that would have validated certain actions of the district taken prior to the bill's effective date.