

BILL ANALYSIS

C.S.H.B. 3498
By: Brown, Betty
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, the Rose Hill Water Supply Corporation (ARHWSC@) provides water service within a portion of Kaufman County (generally in between the City of Terrell and the City of Kaufman). RHWSC is governed by a five member Board of Directors elected by members of the corporation.

The area served by RHWSC is more particularly defined in Certificate of Necessity No. 10849. RHWSC is interested in converting to a special utility district so that it may have the advantages of being a political subdivision of the state, including liability protections, ability to issue tax-exempt bonds for financing, and better insurance rates.

CSHB 3498 creates and establishes the Rose Hill Special Utility District, and dissolves the RHWSC.

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. DEFINITION. Defines Adistrict@to mean Rose Hill Special Utility District.

NATURE OF DISTRICT. The district is a special utility district in Kaufman County created under Section 59, Article XVI, Texas Constitution.

CONFIRMATION ELECTION REQUIRED. If the district is not confirmed by September 1, 2007, it is dissolved except that any debts incurred by the district shall be paid; any assets of the district that remain after the payment of debts shall be transferred to Kaufman County; and the organization of the district shall be maintained until all debts are paid and remaining assets are transferred.

APPLICABILITY OF OTHER SPECIAL UTILITY DISTRICT LAW. Chapters 49 and 65, Water Code apply to this district.

INITIAL DISTRICT TERRITORY. States that a mistake made in the field notes outlined in Section 2 of the bill will not effect the operation of the bill.

TEMPORARY DIRECTORS. Lists the temporary directors; provides for filling vacancies; temporary directors serve until initial directors elected.

CONFIRMATION AND INITIAL DIRECTORS=ELECTION. The temporary directors shall hold an election to confirm the creation of the district and to elect the five initial directors, whose terms will be set by the temporary directors. Section 41.001(a), Election Code does not apply to the confirmation election required by this section. Initial directors serve until the first regularly scheduled directors election.

TRANSFER OF ASSETS; DISSOLUTION. If the district is confirmed, RHWSC shall transfer all asset, debts, and contractual rights to the district and commence dissolution. Within 30 days of the transfer, the RHWSC board must commence dissolution proceedings. Upon dissolution,

Certificate of Convenience and Necessity No. 10849 is considered to be held by the district. The Texas Commission on Environmental Quality shall be informed of the changes, and shall reissue the certificate to the district without further application or notice.

BOARD OF DIRECTORS. The district is governed by a board of not fewer than five and not more than 11 directors.

GENERAL POWERS. The district shall have all the rights, powers, privileges, authority, functions, and duties provided by the laws of the state, including Chapters 49 and 65, Water Code, applicable to Special Utility Districts.

WATER SERVICE IMPACT FEE. The district may charge a water service impact fee that is equal to the sum of the equity buy-in fee, aids to construction fee, and connection fee charged by the RHWSC on January 15, 2005, under the corporation's tariff. Chapter 395, Local Government Code does not apply to the initial water service impact fee, and the district may increase the fee only as provided by Chapter 395, Local Government Code or as provided by the Texas Commission on Environmental Quality.

EMINENT DOMAIN. The district has the power of eminent domain consistent with a Special Utility District under Chapters 49 and 65, Water Code, except that it may not exercise the power of eminent domain outside the district for sanitary sewer purposes.

SECTION 2. Provides the boundaries for the district.

SECTION 3. Legal notice to all persons, agencies, officials, or entities of the substance of this bill have been published or provided as required by law.

EFFECTIVE DATE

CSHB 3498 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 specifying that the district has the power of eminent domain, but limiting its authority to exercise the power outside of the district.