

BILL ANALYSIS

Senate Research Center
79R12640 SGA-D

H.B. 3525
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Intergovernmental Relations
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Currently, the Parker County Water Supply Corporation (PCWSC) provides water service principally within Parker County. PCWSC is governed by a seven-member board of directors elected by members of the corporation.

The area served by PCWSC is more particularly defined in Certificate of Convenience and Necessity No. 12313. PCWSC 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.

H.B. 3525 creates and establishes the Parker County Special Utility District, and dissolves the PCWSC.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle C, Title 6, Special District Local Laws Code, by adding Chapter 7202, as follows:

CHAPTER 7202. PARKER COUNTY SPECIAL UTILITY DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 7202.001. DEFINITION. Defines "district."

Sec. 7202.002. NATURE OF DISTRICT. Provides that the Parker County Special Utility District (district) is a special utility district in Parker and Palo Pinto counties created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 7202.003. CONFIRMATION ELECTION REQUIRED. Provides that if the creation of the district is not confirmed at a confirmation and initial directors' election held before September 1, 2007, the district is dissolved on September 1, 2007, except that any debts incurred shall be paid and any assets that remain after the payment of debts shall be transferred to Parker or Palo Pinto County as appropriate, and the organization of the district shall be maintained until all debts are paid and remaining assets are transferred, and this chapter expires September 1, 2010.

Sec. 7202.004. APPLICABILITY OF OTHER SPECIAL UTILITY DISTRICT LAW. Provides that, except as otherwise provided by this chapter, Chapters 49 (Provisions Applicable to all Districts) and 65 (Special Utility Districts), Water Code, apply to the district.

Sec. 7202.005. DISTRICT SUPERVISION. Provides that the rights, powers, privileges, authority, functions, and duties of the district are subject to the continuing right of

supervision of the state to be exercised by and through the Texas Commission on Environmental Quality (TCEQ).

Sec. 7202.006. INITIAL DISTRICT TERRITORY. (a) Provides that the district is initially composed of the territory described by Section 2 of the Act creating this chapter.

(b) Provides that the boundaries and field notes contained in Section 2 of the Act creating this chapter form a closure. Provides that a mistake made in the field notes or in copying the field notes in the legislative process does not affect the organization, existence, or validity of the district, the right of the district to issue any type of bond, including a refunding bond, for a purpose for which the district is created or to pay the principal of and interest on a bond, or the legality or operation of the district or the board of directors of the district.

[Reserves Sections 7202.007-7202.020 for expansion.]

SUBCHAPTER A-1. TEMPORARY PROVISIONS

Sec. 7202.021. TEMPORARY DIRECTORS. (a) Sets forth the members of the temporary board of directors of the district.

(b) Requires each temporary director to qualify for office in a certain manner.

(c) Requires the temporary directors who have qualified for office, if a temporary director fails to qualify for office, to appoint a person to fill the vacancy. Requires TCEQ, if at any time there are fewer than four qualified temporary directors, to appoint the necessary number of directors to fill all vacancies on the board.

(d) Provides that temporary directors serve until initial directors are elected under Section 7202.022.

Sec. 7202.022. CONFIRMATION AND INITIAL DIRECTORS' ELECTION. (a) Requires the temporary directors to hold an election to confirm the creation of the district and to elect seven initial directors in accordance with certain provisions of the Water Code on or before September 1, 2007.

(b) Requires the temporary board of directors to determine the method for determining the initial term of each person on the initial board of directors. Requires the terms to be clearly stated on the ballot for the confirmation and directors' election.

(c) Provides that Section 41.001(a) (setting forth uniform election dates), Election Code, does not apply to a confirmation election held as provided by this section.

(d) Provides that initial directors serve until the first regularly scheduled election of directors under Subchapter C, Chapter 65, Water Code.

Sec. 7202.023. TRANSFER OF ASSETS; DISSOLUTION. (a) Requires the Parker County Water Supply Corporation, if the district's creation is confirmed, to transfer the assets, debts, and contractual rights and obligations of the corporation to the district.

(b) Requires the board of directors of the Parker County Water Supply Corporation, not later than the 30th day after the date of the transfer under Subsection (a), to commence dissolution proceedings of the corporation.

(c) Provides that upon dissolution of the Parker County Water Supply Corporation, Certificate of Convenience and Necessity No. 12313 is considered to be held by the district.

(d) Requires the board of directors of the Parker County Water Supply Corporation to notify TCEQ of the dissolution of the corporation and of the transfer of the Certificate of Convenience and Necessity No. 12313 to the corporation.

(e) Requires TCEQ, on receipt of notice under Subsection (d), to note in its records that Certificate of Convenience and Necessity No. 12313 is held by the district. Requires TCEQ to re-issue the certificate in the name of the district without further application or notice.

Sec. 7202.024. EXPIRATION OF SUBCHAPTER. Provides that this subchapter expires September 1, 2010.

[Reserves Sections 7202.025-7202.050 for expansion.]

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 7202.051. DIRECTORS: TERM OF OFFICE. (a) Provides that the district is governed by a board of not fewer than five and not more than 11 directors.

(b) Provides that a member of the board of directors of the district serves a three-year term of office. Authorizes a member of the board to serve consecutive terms.

[Reserves Sections 7202.052-7202.100 for expansion.]

POWERS AND DUTIES

Sec. 7202.101. GENERAL POWERS. Sets forth the rights, powers, privileges, authority, functions, and duties of the district.

Sec. 7202.102. WATER SERVICE IMPACT FEE. (a) Authorizes the district to charge a water service impact fee that is equal to the sum of the equity buy-in fee and connection fee charged by the Parker County Water Supply Corporation on November 1, 2004, under that corporation's tariff.

(b) Provides that Chapter 395 (Financing Capital Improvements Required by New Development in Municipalities, Counties, and Certain Other Local Governments), Local Government Code, does not apply to the initial water service impact fee set under this section.

(c) Authorizes the district to increase the water service impact fee only as provided by Chapter 393 (Housing Cooperation Among Municipalities, Counties, and Certain Other Local Governments), Local Government Code, or as approved by TCEQ.

Sec. 7202.103. EMINENT DOMAIN. (a) Provides that the district has all the authority of a special utility district to acquire by condemnation any land, easement, or other property located inside or outside the boundaries of the district for any district project or purpose, except as provided by Subsection (b).

(b) Prohibits the district from exercising the power of eminent domain to condemn, for sanitary sewer purposes, land, easements, or other property located outside the boundaries of the district.

SECTION 2. Sets forth the initial boundaries of the district.

SECTION 3. Provides that all requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 4. Effective date: upon passage or September 1, 2005.