

BILL ANALYSIS

H.B. 3527
By: Haggerty
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill would authorize the dissolution of a water supply or sewer service corporation in El Paso and authorize the transfer of 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 designate the general provisions of Sections 67.001-67.017 of Chapter 67 of the Water Code as Subchapter A.

SECTION 2 would add a new Subchapter B to Chapter 67 of the Water Code to authorize the board of a water supply or sewer service corporation located in a municipality in a county with a population of 650,000 or more adjacent to an international border to dissolve and transfer the corporation's assets to a municipality. Upon approval by the municipality, the board would be required to notify the executive director of the Texas Commission on Environmental Quality and request an order of dissolution. The board would also be required to provide any other information or documentation the executive director deems necessary to monitor the transfer.

The executive director would be required 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 corporation is ready to be dissolved, the corporation's assets and liabilities are ready to be transferred to the municipality for incorporation into the municipality's water system, the municipality is prepared to accept the transfer, and the city council has adopted a resolution approving the transfer. The executive director would also be required to direct the board to provide the municipality and the secretary of state all transfer documents, order the corporation dissolved, and order all assets and liabilities of the corporation to be transferred to the municipality for incorporation into the municipality's water system. 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 to the municipality. 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 the county. The municipality would be authorized to collect all money owed the corporation after the date the dissolution order is issued including taxes, fees, charges and the corporation's accounts receivable. The municipality would be authorized to charge residents living in the service area formerly served by the corporation water supply rates that exceed the rates paid by customers who are residents of the municipality 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.

SECTION 3 only applies to a water supply or sewer service corporation located in a county with a population of 650,000 or more adjacent to an international border. It would validate all actions taken by the board of the water supply or sewer service corporation prior to the effective date of the bill unless the board acted with knowledge that their action was illegal. It would not validate any matter involved in litigation that is ultimately held invalid by a final judgment by a court of competent jurisdiction.

EFFECTIVE DATE

HB 3527 takes effect immediately if it receives a 2/3rds vote in both chambers, otherwise it takes effect Sept. 1, 2005.