

BILL ANALYSIS

H.B. 3566
By: Flores
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, the La Joya Water Supply Corporation supplies water and wastewater service to residents in the western part of Hidalgo County and the eastern part of Starr County. As a non-profit water supply corporation, there is little if any oversight of the business operating procedures and practices of non-profit water supply corporations by state agencies. It is the lack of institutional oversight and specific guidelines regarding the business practice of the the La Joya Water Supply Corporation's operations that has allowed for a lack in appropriate administrative and managerial proceedings governing it's day-to-day activities.

By converting from a non-profit water supply corporation to a special utility district, the ratepayers of this water service utility would benefit from more extensive statutory authority. Furthermore, as a special utility district, the entity would enjoy lower interest rates for financing future improvement projects, and be able to participate in regional projects for water and sewer service. HB 3655 would allow the ratepayers currently being served by the La Joya Water Supply Corporation the opportunity to vote for conversion from a non-profit water utility into a special utility district, primarily to avail itself of the favorable and expanded opportunities for financing and tax exemption.

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. Defines "district" to mean the "La Joya Special Utility District." Calls for an election to create the district before September 1, 2009. If the creation of the district is not confirmed then the district is dissolved by September 1, 2009, except that all debts incurred must be paid, any remaining assets after the payment of debts shall be transferred to Hidalgo or Starr County, and the organization of the district shall be maintained until all debts are paid. Expiration of this Chapter is September 1, 2010.

Except as otherwise provided, Chapters 49 and 65, Water Code, apply to the district.

States that if a municipality asserts regulatory authority over any geographic area lying within the jurisdiction of the district, the regulation of the municipality shall control over that of the district in the event of a regulatory conflict with the district. This section is not applicable to potable water quality standards or to disputes relating to retail water utility service areas.

The initial boundaries of the district coexist with the service areas covered by Certificates of Convenience and Necessity (CCN) Map numbers 10559 and 20785 recorded with the Texas Commission on Environmental Quality (TCEQ).

The Commissioners Court of Hidalgo County shall appoint seven temporary directors and the Commissioners Court of Starr County shall appoint two temporary directors. The directors must qualify for office provided by Sec. 49.055, Water Code. If a temporary director fails to qualify for office, the remaining qualified directors shall appoint a replacement. If there are fewer than four qualifying temporary directors, TCEQ shall point temporary directors to fill the remaining vacancies. Temporary directors serve until initial directors are elected under this Act.

Sets forth provisions for holding an election for an initial board of directors, specifies wording of ballots, allows the temporary directors to determine the terms of the initial directors, and provides that Sec 41.001(a), Election Code does not apply to a confirmation election. Upon a successful election, the assets, debts, and contractual rights and obligations of the La Joya Water Supply Corporation shall be transferred to the district. Requires the board of directors of the La Joya Water Supply Corporation to commence dissolution proceedings within 30 days after the election and notify TCEQ of the dissolution. Upon dissolution CCN Nos. 10559 and 20785 are considered held by the district, and TCEQ shall record the changes and reissue the certificates without further application or notice.

States that this district is to be governed by a board of 5 to 11 directors. Grants this district all of the rights, powers, privileges, authority, functions, and duties provided by general law applicable to special utility districts, including Chapters 49 and 65, Water Code. Allows the district to enter into a contract with the Rio Grande Regional Water Authority to provide assistance to the district.

SECTION 2. States that all necessary procedural requirements for the creation of the district have been accomplished.

EFFECTIVE DATE

HB 3566 takes effect immediately if it receives a 2/3rds vote in both chambers, otherwise it takes effect Sept. 1, 2005.