

BILL ANALYSIS

C.S.S.B. 331
By: Lindsay
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The North Harris County Regional Water Authority (the authority) was established by the 76th Legislature, Regular Session, 1999 for the purposes, among others, of supplying surface water to areas within the authority's boundaries and controlling subsidence. The authority is comprised of hundreds of MUDs and serves more than 400,000 residents. The current state regulatory structure does not recognize the unique makeup and rapid growth of the authority which hinders the ability of the authority to accomplish its mission in the most timely manner possible.

C.S.S.B. 331 improves the authority's ability to meet state and federal regulatory requirements in a safe and timely manner. Under the bill, the Texas Commission on Environmental Quality (commission) will be provided additional regulatory options to consider when situations unique to the authority arise.

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. Amends Sec. 2.02(c), Chapter 1029, Acts of the 76th Legislature, Regular Session, 1999, by deleting the provision that requires a redrawing of the authority's voting districts after an area change of more than 20%. Redrawing will still take place after each federal decennial census and as required by law. Makes conforming changes.

SECTION 2. Amends Sec. 4.10, Chapter 1029, Acts of the 76th Legislature, Regular Session, 1999, by adding subsections (e)-(k) as follows:

- (e) Authorizes the authority to expedite financing and construction of surface water delivery systems to meet deadlines required by either the subsidence district or the board of the authority.
- (f) Defines surface water delivery system and provides that the definition does not include the use of bed and banks as a conveyance for water or waste water.
- (g) States that it is the intent of the legislature that the commission cooperate with the authority in the development of surface water delivery systems and other authority projects in an expeditious manner. Allows that the commission may grant conditional approval of a project or waive a requirement of any law or commission rule if public health or safety are not compromised.
- (h) Provides that if the conditional approval is granted, the authority shall make any subsequent changes necessary that the commission requires to protect public health and safety.
- (i) Provides that the commission may not require the authority to enter a contract with another person. Allows for the adoption of authority rules to enable the authority to meet necessary allocations of responsibility as required by the commission rules to be included in contracts.

(h) Provides that if the conditional approval is granted, the authority shall make any subsequent changes necessary that the commission requires to protect public health and safety.

(i) Provides that the commission may not require the authority to enter a contract with another person. Allows for the adoption of authority rules to enable the authority to meet necessary allocations of responsibility as required by the commission rules to be included in contracts.

(j) Provides that the commission and authority may enter into a memorandum of understanding (MOU) that may establish standard procedures, standing waivers, and conditions applicable for the commission's granting conditional or final approval of authority construction projects. Provides that, if there is no conflict with federal law and state powers as delegated by the Environmental Protection Agency, the commission may delegate powers to the authority to carry out duties the commission may undertake relating to the authority's activities. Provides that the commission may set minimum standards for the construction or other projects and that the MOU may address any other matter that relates to the authority under the purview of the commission.

(k) Provides that the authority may state to the commission the amount of water that may or will be provided to another entity in ranges and that those ranges may change on prompt notification to the commission.

SECTION 3. Amends Chapter 1029, Acts of the 76th Legislature, Regular Session, 1999, by adding Sec. 5.01A relating to Anticipation Notes and Bonds:

(a) Provides that the board may issue negotiable revenue anticipation notes, negotiable bond anticipation notes, or negotiable combination revenue and bond anticipation notes without advertising or giving notice of the sale. Provides that any note issued must be mature within one year.

(b) Provides that a revenue anticipation note may be issued for any purpose authorized by this act and that it must be secured by the revenues to be collected in the year following the note's date of issuance. Provides that the board may covenant with the note purchasers that sufficient revenues will be collected to pay the principal and interest on the notes and that the board will pay the cost of collecting the revenues.

(c) Provides that a bond anticipation note may be issued for any purpose for which the authority may issue a bond or to refund previously issued revenue or bond anticipation notes. Provides that the authority may covenant with the note purchasers that the authority will use the proceeds from the sale of any bonds in the process of issuance for the purpose of refunding the bond anticipation notes.

(d) Provides that for the purposes of Sec. 1202.007, Government Code, a note issued under this section is considered payable only out of current revenues collected in the year the note is issued or proceeds of other public securities.

SECTION 4. Effective upon passage with two-thirds majority of each house or September 1, 2005.

EFFECTIVE DATE

Upon passage or September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute expresses legislative intent that TCEQ cooperate fully with the authority rather than requiring cooperation unless prohibited by other law.

The substitute makes it clear that the provisions allowing TCEQ to expedite authority surface water delivery system projects, and enter into a memorandum of understanding with the authority relate solely to construction projects and cannot be used for bed and banks applications.

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The substitute has language added that provides that any delegation of powers and responsibility from TCEQ to the authority cannot violate federal law or be inconsistent with any agreement between this state and the Federal EPA or any delegation of authority from the federal EPA to this state.

Finally, the substitute allows the authority to engage in interim construction financing using revenue anticipation notes and other instruments, providing that certain limitations are met.