

## **BILL ANALYSIS**

S.B. 1045  
By: Janek  
Natural Resources  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Current Texas law requires water district board members (board) and employees who handle funds for the general law district (district) to furnish a bond, payable to the district, in an amount determined by the board to be sufficient to safeguard the district from bad acts by that individual. At the time the statute was written, bonds were the most sensible option for such coverage. Districts can obtain similar coverage from insurance companies or under an interlocal agreement at much lower rates than a bond.

S.B. 1045 authorizes districts to obtain coverage from insurance companies or under an interlocal agreement, if the board determines that such coverage would adequately protect the interests of the district.

### **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 Section 49.057, Water Code, by amending Subsection (e) and adding Subsection (i), as follows:

(e) Provides an exception to this subsection as provided by Subsection (i).

(i) Authorizes the governing board (board) of a general law district (district) to obtain or require an officer, employee, or consultant of the district to obtain insurance or coverage under an interlocal agreement that covers theft of district funds by officers, employees, or consultants of the district in lieu of requiring a bond under Subsection (e), if the board determines that the insurance or coverage under an interlocal agreement would adequately protect the interests of the district.

SECTION 2. Effective date: upon passage or September 1, 2005.

### **EFFECTIVE DATE**

Upon passage or September 1, 2005.