

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 23, 2005

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB1644 by Callegari (Relating to the authority of a water control and improvement district or a municipal utility district to enter into a contract to convey property to another water district or water supply corporation and the authority of a conservation and reclamation district to acquire a certificate of convenience and necessity or to acquire a facility or a right to use a facility.), **As Passed 2nd House**

No fiscal implication to the State is anticipated.

The bill would amend the Water Code to authorize water control and improvement districts and municipal utility districts (MUD) to contract with other water control and improvement districts or MUDs to convey, through the issuance of debt or other means, all or part of a water supply, treatment, or distribution system, a sanitary sewage collection or treatment system, or works or improvements necessary for drainage of land in the district. The bill would establish the parameters of such contracts, including under certain circumstances, the necessity for a district to call an election to seek voter approval. The bill would also authorize certain districts to incur debt evidenced by the issuance of bonds for any purpose authorized by Chapters 49 or 51 of the Water Code.

Current statute does not address contracts between water control and improvement districts and MUDs and other water control and improvement districts and other MUDs. Under current statute, use of bonds has restricted uses.

The bill would also place restrictions on a municipality with regard to annexing certain areas in a water control and improvement district and within a municipal utility district.

The bill would take effect immediately if it receives the required two-thirds vote in each house; otherwise, it would take effect September 1, 2005 and would apply only to a contract entered into on or after the effective date.

Local Government Impact

Authorization for districts to enter into contracts with other districts would provide flexibility to districts, which could assist in reducing costs. Authorizing a district to use bonds for any necessary purposes would provide the district with greater flexibility in use of its revenue resources. If a district is required to hold an election under the provisions of the bill, the cost would vary depending on the number of registered voters that reside within the district. According to data provided by local government entities to the Secretary of State in 2004, the average cost per registered voter is \$1.29.

No significant fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JOB, WK, DLBa