

BILL ANALYSIS

H.B. 713
By: Callegari
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, a fresh water supply district does not have statutory authority to convey facilities to another water district or a nonprofit water supply corporation in order to construct, operate, and otherwise promote regional water supply and sewer utility service to the district. This is especially problematic in developing areas, where the fresh water supply districts are created to provide financing for water and sewer utility infrastructure within the service territories of existing utilities. House Bill 713 provides the authority for fresh water supply districts to enter into a contract to convey their facilities to another water district or water supply corporation in order to facilitate regional utility services and provide affordable utility services to their customers.

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 Subchapter D, Chapter 53, Water Code, by adding Section 53.105, as follows:

Sec. 53.105. CONTRACTS WITH OTHER DISTRICTS OR WATER SUPPLY CORPORATIONS.

(a) Defines "authorized water district" to mean a district created under Section 52(b)(1) or (2), Article III, or Section 59, Article XVI, Texas Constitution.

(b) Authorizes a fresh water supply district to enter into a contract with an authorized water district or water supply corporation to acquire, through the issuance of debt or other means, and convey to the authorized water district or water supply corporation 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 fresh water supply district. The contract may: (1) permit the fresh water supply district to rehabilitate, repair, maintain, improve, enlarge, or extend any existing facilities to be conveyed to the authorized water district or water supply corporation; or (2) require the fresh water supply district to pay impact fees or other fees to the authorized water district or water supply corporation for capacity or service in facilities of the authorized water district or water supply corporation.

(c) Provides that the contract entered into under Subsection (b) may authorize the authorized water district or water supply corporation to purchase the water, sewer, or drainage system from the fresh water supply district through periodic payments to the fresh water supply district sufficient, when combined with net income of the fresh water supply district, to pay the principal of and interest on any bonds of the fresh water supply district. The contract may provide that the payments due under this subsection: (1) are payable from and secured by a pledge of all or part of the revenue of the water, sewer, or drainage system; (2) are payable from taxes to be imposed by the authorized water district; or (3) are payable from a combination of the revenue and taxes described by Subdivisions (1) and (2).

(d) Provides that the contract may authorize the authorized water district or water supply corporation to operate the water, sewer, or drainage system conveyed by the fresh water supply district under Subsection (b).

(e) Provides that the contract with an authorized water district or water supply corporation may require a fresh water supply district to make available to the authorized water district or water supply corporation all or part of the raw or treated water to be used for the provision of services in the fresh water supply district.

(f) Provides that if a contract conveys a water, sewer or drainage system to an authorized water district or water supply corporation on or after the completion of construction, the fresh water supply district may be paid by the authorized water district or the water supply corporation for providing the water, sewer or drainage services to residents of the authorized water district or customers of the water supply corporation.

(g) Provides that the contract may authorize a fresh water supply district to convey a water, sewer or drainage system to an authorized water district or water supply corporation at no cost provided the authorized water district or water supply corporation uses all or part of those systems to provide retail service to customers in the fresh water supply district in accordance with the laws of this state and any certificate of convenience and necessity of the authorized water district or water supply corporation.

(h) Provides that a contract must be approved by a majority vote of the governing bodies of the fresh water supply district and the authorized water district or water supply corporation. If Section 52, Article III, or Section 59, Article XVI, Texas Constitution, requires that qualified voters of the fresh water supply district approve the imposition of a tax by the fresh water supply district or the authorized water district, the fresh water supply district or the authorized water district shall call an election for that purpose.

SECTION 2. Amends Section 53.171(a), Water Code, to authorize a fresh water supply district to issue bonds for any purpose authorized by Chapter 53, Chapter 49, Water Code, or other applicable laws.

SECTION 3. Effective date: September 1, 2007

EFFECTIVE DATE

September 1, 2007