

## **BILL ANALYSIS**

C.S.H.B. 2159  
By: McReynolds  
Natural Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The San Jacinto Water Supply Corporation ("SJWSC") is a non-profit water supply corporation created under and governed by Chapter 67, Texas Water Code, for the purpose of providing retail water service in generally rural areas of San Jacinto County and the City of Coldspring.

SJWSC is governed by a five (5) member Board of Directors that is elected by the members of the corporation. The area served by SJWSC is more particularly defined in Certificate of Convenience and Necessity ("CCN") No. 10124.

SJWSC is interested in converting to a special utility district so that it may have the advantages of being a political subdivision of the state, including liability protections, ability to issue tax-exempt bonds for financing, and better insurance rates.

C.S.H.B. 2159 creates and establishes the San Jacinto Special Utility District and dissolves SJWSC.

### **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. DEFINITION.** Defines "district" as the "San Jacinto Special Utility District."

**NATURE OF DISTRICT.** The district is a special utility district in San Jacinto County created under Section 59, Article XVI, Texas Constitution.

**CONFIRMATION ELECTION REQUIRED.** If the district is not confirmed by September 1, 2009, it is dissolved except that any debts incurred by the district shall be paid; any assets of the district that remain after the payment of debts shall be transferred to San Jacinto County and the organization of the district shall be maintained until all debts are paid and remaining assets are transferred.

**APPLICABILITY OF OTHER SPECIAL UTILITY DISTRICT LAWS.** Chapters 49 and 65, Water Code apply to this district.

**INITIAL DISTRICT TERRITORY.** States that a mistake made in the field notes outlined in Section 2 of the bill will not affect the operation of the bill.

**TEMPORARY DIRECTORS.** Lists the temporary directors.

**CONFIRMATION AND INITIAL DIRECTORS' ELECTION.** The temporary directors shall hold an election to confirm the creation of the district and to elect the five (5) initial directors, whose terms will be set by the temporary directors.

**TRANSFER OF ASSETS; DISSOLUTION.** If the district is confirmed, SJWSC shall transfer all assets to the district and commence dissolution. CCN No. 10124 shall be transferred to the district. The Texas Commission on Environmental Quality shall be informed of the changes.

**BOARD OF DIRECTORS.** The district is governed by a board of directors of not fewer than five (5) and not more than (11) directors.

**GENERAL POWERS.** The district shall have all the powers provided by the laws of the state, including Chapters 49 and 65, Water Code.

**WATER SERVICE IMPACT FEE.** The district may charge a water service impact fee that is equal to the tap fee charged by SJWSC on December 31, 2006, under the corporation's tariff.

**LIMIT ON EMINENT DOMAIN POWER.** The district may not condemn property for sanitary sewer purposes, land, easements, or other property located outside the boundaries of the district.

**SECTION 2.** Establishes the boundaries of the district.

**SECTION 3.** Establishes that legal notices to all persons, agencies, officials, or entities have been made and all requirements of law have been met.

**SECTION 4.** Sets forth the effective date of the Act.

#### **EFFECTIVE DATE**

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

#### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

This substitute amends the metes and bounds of the proposed district to ensure that the district does not overlap with the service area for any other water utility, and to make certain that it is properly closed.