

## **BILL ANALYSIS**

C.S.H.B. 3773  
By: Puente  
Natural Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The 79<sup>th</sup> Texas Legislature passed House Bill 2876 that, among other things, set up a process in which a tract of land could be removed from an entity's certificate of public convenience and necessity if the certificate holder was not able to meet the water needs of the land owner. This legislation addresses a set of circumstances in which a landowner is able to be released from a rural water supply corporation's service area, yet the landowner's water service needs also cannot be met by the municipality whose city limits or extra-territorial jurisdiction encompasses the landowner's tract of land.

C.S.H.B. 3773 allows a landowner to create a special utility district within a municipality's extra-territorial jurisdiction or city limits in the situation that the following criteria is met: (1) the tract size total at least 50 acres; (2) the landowner is released by written agreement from a rural water supply corporation's certificate of public convenience and necessity; and (3) the municipality cannot provide the tract's required development needs within the landowner's required time frame.

### **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. Chapter 65, Water Code, is amended by adding Section 65.017 to read as follows:

Sec. 65.017 (a) requires a municipality to provide water service to a land area that is composed of one or more contiguous or noncontiguous parcels that together total at least 50 acres in size; is within the corporate limits or the extraterritorial jurisdiction of the municipality; and for which, on or before the effective date of the legislation, the owner or owners of the land have entered into a written agreement with a rural water supply corporation to release the land from the service area of the corporation's certificate of public convenience and necessity, except as provided by Subsection 65.017(c).

Sec. 65.017 (b) states that his section applies only to land served by a rural water supply corporation that has fewer than 5,000 water connections.

Sec. 65.017 (c) states that if the municipality determines that it cannot meet the current and projected demands for water service to the released land within the time specified by the land's owner or owners, the municipality is required to notify the owner or owners of the land of that determination; and a district is required to be formed to provide water service to the land.

Sec. 65.017 (d) states that to create the district, the owner or owners of the released land shall submit a petition to the commission that includes; a copy of the release agreement; a copy of the municipality notice; and the information required under Section 65.015, Water Code.

Sec. 65.017 (e) states that the Texas Commission on Environmental Quality is required to expedite the creation of the district and approve the creation of the district not later than the 90th day after the date of receipt of an administratively complete petition to create the district.

Sec. 65.017 (f) states that this section expires September 1, 2011.

C.S.H.B. 3773 80(R)

SECTION 2. Effective date: Upon passage, or if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

### **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**

C.S.H.B. 3773 amends Chapter 65, Water Code to add a Section 65.017 to be titled "CREATION ON RELEASE FROM ANOTHER ENTITY'S SERVICE AREA".

C.S.H.B. 3773, in Section 65.017(a), Water Code, as added by this Act, requires a municipality to provide water service, if it is capable to do so, to a land area that is composed of one or more contiguous or noncontiguous parcels that together total at least 50 acres in size; is within the corporate limits or the extraterritorial jurisdiction of the municipality; and for which, on or before the effective date of the legislation, the owner or owners of the land have entered into a written agreement with a rural water supply corporation to release the land from the service area of the corporation's certificate of public convenience and necessity.

C.S.H.B. 3773, in Section 65.017(b), Water Code, as added by this Act, applies Section 65.017, Water Code only to land served by a rural water supply corporation that has fewer than 5,000 water connections.

C.S.H.B. 3773, in Section 65.017(c), Water Code, as added by this Act, states that if the municipality determines that it cannot meet the current and projected demands for water service to the released land within the time specified by the land's owner or owners, the municipality is required to notify the owner or owners of the land of that determination; and a special utility district is required to be formed to provide water service to the land.

C.S.H.B. 3773, in Section 65.017(d), Water Code, as added by this Act, states that to create the district, the owner or owners of the released land shall submit a petition to the commission that includes; a copy of the release agreement; a copy of the municipality notice; and the information required under Section 65.015, Water Code.

C.S.H.B. 3773, in Section 65.017(e), Water Code, as added by this Act, requires the Texas Commission on Environmental Quality to expedite the creation of the district and approve the creation of the district not later than the 90th day after the date of receipt of an administratively complete petition to create the district.

C.S.H.B. 3773, in Section 65.017(f), Water Code, as added by this Act, provides an expiration date for this Act of September 1, 2011.

While the introduced version contains much of the same language as the substitute, C.S.H.B. 3773 is a Legislative Council draft that varies in wording, formatting and designation of subsections.

In addition, C.S.H.B. 3773 provides that the bill applies only to land served by a rural water supply corporation that has fewer than 5,000 water connections. The introduced version references a rural water supply corporation's certificate of convenience and necessity that serves between 6000 and 8000 water connections. C.S.H.B. 3773 does not contain language stating that the time requirements and the municipality's and county's consent in Chapter 65, Water Code, are waived, as contained in the introduced version. C.S.H.B. 3773 also expressly requires the owner or owners of the released land to submit a petition to the commission that requires certain specified information, not required in the introduced version. C.S.H.B. 3773 also provides for an expiration date for this Act of September 1, 2011 that is not contained in the introduced version.

C.S.H.B. 3773 provides for immediate effect upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007. In the introduced version, the effective date is September 1, 2007.