

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 26, 2007

TO: Honorable David Dewhurst , Lieutenant Governor, Senate
Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: HB1565 by Puente (Relating to the powers and duties of the Bexar Metropolitan Water District.), **Conference Committee Report**

No significant fiscal implication to the State is anticipated.

The bill would amend statute relating to the Bexar Metropolitan Water District and would require the district to prepare various reports to the Texas Commission on Environmental Quality (TCEQ) and to the oversight committee. The district would be required no later than 18 months after the applicable section of the bill becomes effective to adopt a uniform rate structure with rates that are equal to or lower than the rates of other large retail water providers in the region, except that the district may adopt higher rates if necessary to meet debt service obligations or debt coverage requirements.

The bill would create the Bexar Metropolitan Water District Oversight Committee to provide state oversight and regulation of the Bexar Metropolitan Water District. The district would be required to provide staff support to the committee. The committee would be abolished on September 1, 2012, if provisions of Article I of the bill become effective.

Subject to approval by the Legislative Audit Committee for inclusion in the annual audit report, the state auditor shall conduct a financial and managerial audit of the district upon passage of the bill. The district would be required to reimburse the state auditor for the cost of performing the audit.

The bill would require the TCEQ not later than the 30th day after the effective date of the bill to begin an on-site evaluation of the district, and establishes what should be included in the evaluation. TCEQ would be required to file copies of the completed evaluation with the oversight committee. TCEQ would be authorized to issue orders compelling any appropriate and necessary action by the district upon completion of the evaluation. If TCEQ finds that the district is incapable of operating as required, the agency may make a recommendation to the oversight committee to consider the option of initiating the process of receivership appointment to operate the utility under Section 13.142, Water Code. TCEQ may require the district to reimburse the agency for reasonable costs of conducting the evaluation.

The bill would take effect immediately if it receives a vote of two-thirds of all members of each house. Otherwise, it would take effect September 1, 2007.

Because the district would be required to provide staff support to the oversight committee, to reimburse TCEQ for its evaluation, and to reimburse the State Auditor for performing an audit, no significant fiscal impact to the state is anticipated.

Local Government Impact

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

Source Agencies:

LBB Staff: JOB, WK, DB