

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 23, 2007

TO: Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

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

IN RE: SB975 by Hinojosa (Relating to the abolition of certain water control and improvement, water improvement, and irrigation districts.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Local Government Code, by adding Section 43.0741 to authorize a municipality to adopt an ordinance abolishing a water control and improvement district, water improvement district, or irrigation district that (1) has territorial boundaries which are at least 60 percent within the municipality; (2) diverts raw water from the Rio Grande and delivers at least 80 percent of the raw water within a 12-month period to the city for municipal use; and (3) has no outstanding bonded indebtedness. The bill also provides a procedure for 10 percent of the voters in the municipality who voted in the most recent election to elect municipal officers to protest the ordinance within 30 days of adoption by filing a petition requesting that the municipality reconsider and repeal the ordinance. If the municipality does not repeal the ordinance, a special election must be held. The ordinance would become effective, if a timely protest is not filed, 30 days after adoption or upon approval by a majority of the voters in a special election.

The bill would require the Texas Commission on Environmental Quality (TCEQ) to amend current rules. TCEQ indicates that there would be no significant fiscal impact to the agency.

Local Government Impact

Provisions of the bill could have a significant fiscal impact on affected municipalities. If a municipality were to abolish a district, all district property and assets would vest in the municipality. The municipality would assume all of the district's debts, liabilities, and other obligations. The municipality would also be responsible for serving the district's existing customers. In addition, if a special election is required, the municipality would incur the costs for holding the election.

Source Agencies: 580 Water Development Board, 582 Commission on Environmental Quality

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