

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 7, 2009

TO: Honorable Allan Ritter, Chair, House Committee on Natural Resources

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

IN RE: HB3335 by Callegari (Relating to the powers of certain water districts.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend various sections of Chapter 49 of the Water Code regarding the powers of certain water districts. Included would be changes to election procedures; applicability of certain sections of the Local Government Code to an impact fee, tax, or other requirement for payment for water, sewer, drainage, reclamation, flood control, road, or park and recreational services or improvements of a district that provides, or proposes to provide, those services or improvements; contracts and authorization of contracts; audit reports of a special water authority, including filing a copy of an audit report with the Texas Commission on Environmental Quality; waiver of sovereign immunity under certain circumstances; and employment of a peace officer by a district. In addition, proposed changes to the Water Code would authorize a district providing potable water or sewer service to household users to finance with ad valorem taxes, mandatory fees, or voluntary contributions, and issue bonds for a fire department to perform all fire-fighting services within the district.

The bill would amend various sections of Chapter 51 of the Water Code regarding water control and improvement districts, Chapter 54 regarding municipal utility districts, and Chapter 59 regarding regional districts.

The bill would amend the Health and Safety Code to exempt a district as defined by Section 36.001 or 49.001 of the Water Code from requirements regarding electricity consumption of a district that relates to the operation and maintenance of wastewater collection and treatment, water supply and distribution, or storm water diversion, detention, or pumping facilities or improvements.

The bill would amend the Local Government Code regarding areas that may be annexed for limited purposes.

Effective January 1, 2010, Section 54.016(f), Water Code, would be repealed. Subsection (f) relates to a city providing written consent for the inclusion of land in a district as included in an allocation agreement between the district and the city entered into prior to the first issue of bonds, notes, warrants, or other obligations of the district. The repeal of subsection (f) would not affect a lawsuit filed concerning an allocation agreement entered into under that subsection if the lawsuit was filed prior to the effective date of the bill, which would be September 1, 2009.

Local Government Impact

The proposed changes to statute would have varying fiscal impacts on each applicable water district and municipality.

The provision that the Austin Water Utility indicates has the most potential for a negative fiscal impact would be the repeal of Section 54.016(f) because the utility is seeking a supreme court review of a case involving an allocation agreement; however, the Legislative Budget Board assumes the

provision that the repeal would not affect a lawsuit filed prior to September 1, 2009, would prevent the repeal from affecting Austin Water Utility's case. Based on the information provided by the utility, though, it is assumed the repeal could still have a significant negative fiscal impact on a district, particularly if a problem was to arise after the effective date of the bill.

Source Agencies:

LBB Staff: JOB, SZ, SD, DB