

BILL ANALYSIS

C.S.H.B. 2360
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Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

As proposed, the Corn Hill Regional Water Authority would encompass an area of land currently within the boundaries of two municipal utility districts, each of which will be an initial member entity of the authority with the right to appoint governing board members.

The land located within the proposed Corn Hill Regional Water Authority is slated for single-family residential and commercial development. A recent regional water planning study by the Texas Water Development Board has identified the need for construction and financing of extensive water development infrastructure in order to serve the needs of both the member entities and other political subdivisions in the planning area. The creation of the Corn Hill Regional Water Authority will allow the authority to enter into financial contracts and to own and operate the regional water facilities to serve its member entities and other water suppliers.

C.S.H.B. 2360 sets out provisions regarding the creation, administration, powers, duties, operation, and financing of the Corn Hill Regional Water Authority.

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

C.S.H.B. 2360 amends the Special District Local Laws Code to establish the Corn Hill Regional Water Authority as a conservation and reclamation district. The bill provides that the authority is not required to hold an election to confirm its creation and sets out provisions relating to the authority's public purpose and benefit. The bill provides that the authority is composed of the territory in the member entities and requires the authority to notify the Texas Commission on Environmental Quality of any changes in its membership or territory.

C.S.H.B. 2360 provides that the authority is governed by a board of appointed directors who serve staggered three-year terms expiring on September 1. The bill requires each member entity to appoint two directors. The bill establishes that a director serves at the pleasure of the governing body of the member entity that appointed the director. The bill authorizes a member entity to remove the director and appoint a new director at any time by resolution or ordinance of the governing body of the member entity. The bill establishes the initial member entities as the Sonterra Municipal Utility District and the CLL Municipal Utility District No. 1 and requires each entity, not later than September 15, 2011, to appoint two directors. The bill requires the initial directors, in order to establish the required staggered three-year terms and unless otherwise agreed, to determine by lot which of the directors shall serve a one-year, two-year, or three-year term.

C.S.H.B. 2360 authorizes a municipality or other political subdivision to petition the board to add that municipality or political subdivision as a member entity and requires the petition, before

a new member entity may be added to the authority, to be approved by a joint resolution or ordinance of the governing body of each member entity. The bill authorizes a member entity to petition the board to leave the authority and establishes provisions regarding approval of such a petition.

C.S.H.B. 2360 requires the authority to serve its member entities and grants the authority the powers and duties necessary to accomplish the purposes for which the authority is created. The bill establishes that the authority has the powers and duties provided by the general law of the state, including statutory provisions applicable to all water districts and provisions applicable to municipal utility districts created under constitutional provisions relating to conservation and reclamation districts.

C.S.H.B. 2360 authorizes the authority, for any authorized authority purpose, to issue bonds or other obligations payable wholly or partly from revenue of the authority's water system, including revenue from contracts with member entities or customers. The bill authorizes a member entity, in order to provide such revenue, to make payments under a contract with the authority from any of the member entity's sources of revenue, including property taxes, impact fees, grants, sales and use taxes, and any other source. The bill prohibits the authority from imposing a tax.

C.S.H.B. 2360 establishes that any eminent domain powers granted under general law to the authority as created by the bill's provisions take effect only if the bill receives a two-thirds vote of all the members elected to each house. The bill, if it does not receive such a vote, prohibits the authority from exercising the power of eminent domain.

C.S.H.B. 2360 defines "authority," "board," "commission," "director," and "member entity."

EFFECTIVE DATE

Except as otherwise provided, on passage, or, if the bill does not receive the necessary vote, September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2360 differs from the original by removing hotel occupancy taxes from a member entity's sources of revenue from which the entity may make payments under a contract with the authority. The substitute differs from the original by making a technical correction in a provision relating to eminent domain authority.