

By: Hinojosa

S.B. No. 978

A BILL TO BE ENTITLED

1 AN ACT
2 relating to procedures for the dissolution of the Hidalgo County
3 Water Improvement District No. 3.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. DEFINITIONS. In this Act:

6 (1) "City" means a municipality described by Section 2
7 of this Act.

8 (2) "City council" means the governing body of a city.

9 (3) "District" means the Hidalgo County Water
10 Improvement District No. 3.

11 (4) "District board" means the district's board of
12 directors.

13 SECTION 2. DISTRICT AND MUNICIPALITY TO WHICH ACT IS
14 APPLICABLE. This Act applies only to:

15 (1) the district; and

16 (2) a municipality that:

17 (A) has a population greater than 100,000; and

18 (B) contains within its corporate boundaries or
19 extraterritorial jurisdiction more than half of the district's
20 territory.

21 SECTION 3. FINDINGS PREREQUISITE TO MOTION TO DISSOLVE. At
22 a regularly scheduled meeting of the city council, a city may
23 propose an ordinance to dissolve the district if the city council
24 finds that as of the date of the meeting:

1 (1) at least 80 percent of the raw water diverted by
2 the district in the preceding 12 months was diverted for use by the
3 city;

4 (2) the city is capable of assuming all rights and
5 obligations of the district;

6 (3) the city is capable of assuming responsibility for
7 operating the district's facilities to benefit the district's
8 existing customers and performing the services and functions
9 performed by the district;

10 (4) dissolution of the district will result in an
11 overall cost savings to city residents; and

12 (5) dissolution of the district will result in a more
13 stable water supply for residents of the city and surrounding
14 communities.

15 SECTION 4. HEARING REQUIRED. (a) Before a city may
16 propose an ordinance to dissolve the district, the city must
17 conduct a public hearing on the issue.

18 (b) Notice of the public hearing must be:

19 (1) posted in accordance with the laws that apply to
20 regular meetings of the city council; and

21 (2) provided in writing to each district board member.

22 SECTION 5. DISSOLUTION BY ORDINANCE. (a) After a city
23 council has made the findings required by Section 3 of this Act and
24 has conducted a public hearing as required by Section 4 of this Act,
25 the city council may dissolve the district by ordinance.

26 (b) The ordinance must contain provisions that:

27 (1) eliminate the required payment of any flat tax or

1 assessments paid to the district by landowners in the district;

2 (2) ensure that all water rights are held in trust by
3 the city for the uses previously adjudicated;

4 (3) ensure that all individual water users are
5 entitled to continue to use or have access to the same amount of
6 water they were entitled to before the dissolution of the district;
7 and

8 (4) ensure delivery of water to landowners at or below
9 the lowest comparable delivery charge imposed by any other
10 irrigation district in Hidalgo County.

11 (c) The ordinance takes effect only if two-thirds of the
12 city council votes in favor of the ordinance.

13 SECTION 6. CITY CONSENT; DISTRICT DUTIES. (a) On or
14 before the effective date of the dissolution ordinance, the
15 district board shall provide the district's management and
16 operational records to the city that passed the ordinance to ensure
17 the orderly transfer of management and operational responsibility
18 to the city.

19 (b) Without the consent of a majority of the members of a
20 city council that publishes notice under Section 4(b) of this Act,
21 the district may not:

22 (1) sell, transfer, or encumber any district asset;

23 (2) issue debt or acquire additional obligations; or

24 (3) default on or fail to honor financial, legal, or
25 other obligations of the district.

26 (c) Unless a majority of the members of a city council that
27 publishes notice under Section 4(b) of this Act agree otherwise,

1 the district shall:

2 (1) maintain assets of the district in an appropriate
3 condition reflective of good stewardship and proper repair; and

4 (2) preserve district records, including information
5 maintained by the district in electronic format.

6 (d) Any action undertaken by the district that does not
7 comply with Subsection (b) of this section is void.

8 (e) This section expires on the date a city that has
9 published notice under Section 4(b) of this Act repeals the city's
10 ordinance to dissolve the district.

11 SECTION 7. PETITION BY VOTERS; SUSPENSION OR REPEAL OF
12 ORDINANCE; ELECTION. (a) The voters of a city that enacts a
13 dissolution ordinance under this Act may object to the ordinance by
14 filing a petition with the secretary of the city. The petition must
15 be signed by at least five percent of the city's registered voters.
16 The petition must be filed not later than the 30th day after the
17 date the city enacts the ordinance.

18 (b) The city secretary shall verify the signatures on the
19 petition and shall present the verified petition to the city
20 council at the council's next scheduled meeting.

21 (c) On receipt of the petition, the city council shall
22 suspend the effectiveness of the ordinance, and the city may not
23 take action under the ordinance unless the ordinance is approved by
24 the voters under Subsection (d) of this section.

25 (d) The city council shall reconsider the suspended
26 ordinance at the next scheduled meeting of the council. If the city
27 council does not repeal the ordinance, the city council shall

1 submit a proposition for or against enactment of the ordinance to
2 the voters at the next municipal election. The dissolution
3 ordinance takes effect if a majority of the voters voting in that
4 election vote in favor of dissolution.

5 SECTION 8. EFFECTIVE DATE OF DISSOLUTION. A dissolution
6 ordinance under this Act takes effect on the date:

7 (1) the period for filing a voter petition expires
8 under Section 7(a) of this Act, if a voter petition is not filed
9 under that section; or

10 (2) the voters approve the dissolution ordinance under
11 Section 7(d) of this Act.

12 SECTION 9. TRANSFER OF ASSETS. (a) On or before the
13 effective date of a dissolution ordinance under Section 8 of this
14 Act, the district shall:

15 (1) transfer to the city the ownership of any water
16 rights and certificates of adjudication;

17 (2) transfer the assets, debts, and contractual rights
18 and obligations of the district to the city; and

19 (3) provide notice and make recordings of the
20 transfers under this section as required by the Water Code and other
21 law.

22 (b) On receipt of notice of the transfer of a district
23 certificate of adjudication, the Texas Commission on Environmental
24 Quality shall note in its records that the certificate of
25 adjudication is owned and held by the city. The Texas Commission on
26 Environmental Quality shall transfer the district's certificate to
27 the city as a ministerial act without further application, notice,

1 or hearing. A person or other legal entity does not have a right to
2 object to or to request an administrative review of a transfer made
3 in accordance with this Act.

4 (c) The transfer of the district's water rights and any
5 certificate of adjudication to the city does not affect or impair
6 the priority, extent, validity, or purpose of the water rights or
7 certificate.

8 SECTION 10. EXPIRATION. This Act expires January 1, 2016.

9 SECTION 11. EFFECTIVE DATE. This Act takes effect
10 immediately if it receives a vote of two-thirds of all the members
11 elected to each house, as provided by Section 39, Article III, Texas
12 Constitution. If this Act does not receive the vote necessary for
13 immediate effect, this Act takes effect September 1, 2011.