

AN ACT

relating to procedures for the dissolution of the Hidalgo County
Water Improvement District No. 3.

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

SECTION 1. DEFINITIONS. In this Act:

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

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

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

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

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

(1) the district; and

(2) a municipality that:

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

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

SECTION 3. DISSOLUTION OF DISTRICT; FINDINGS PREREQUISITE
TO MOTION TO TRANSFER. (a) The district is dissolved on the later
of:

(1) the effective date of this Act; or

1 (2) the date a transfer ordinance adopted pursuant to
2 Section 5 of this Act takes effect under Section 8 of this Act.

3 (b) At a regularly scheduled meeting of the city council, a
4 city may propose an ordinance to allow the city to accept a transfer
5 of the obligations, liabilities, and assets of the district if the
6 city council finds that as of the date of the meeting:

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

10 (2) the city is capable of assuming all rights and
11 obligations of the district;

12 (3) the city is capable of assuming responsibility for
13 operating the district's facilities to benefit the district's
14 existing customers and performing the services and functions
15 performed by the district;

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

18 (5) dissolution of the district will result in a more
19 stable water supply for residents of the city and surrounding
20 communities.

21 SECTION 4. HEARING REQUIRED. (a) Before a city may
22 propose an ordinance described by Section 5 of this Act, the city
23 must conduct a public hearing on the issue.

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

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

27 (2) mailed to each district board member.

1 SECTION 5. TRANSFER ORDINANCE. (a) After a city council
2 has made the findings required by Section 3(b) of this Act and has
3 conducted a public hearing as required by Section 4 of this Act, the
4 city council may adopt an ordinance allowing the city to accept a
5 transfer of the district's obligations, liabilities, and assets.

6 (b) The ordinance must contain provisions that:

7 (1) eliminate the required payment of any flat tax or
8 assessments paid to the district by landowners in the district;

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

11 (3) ensure that all individual water users are
12 entitled to continue to use or have access to the same amount of
13 water they were entitled to before the dissolution of the district;

14 (4) require the city to perform all the functions of
15 the district, including the provision of services; and

16 (5) ensure delivery of water to landowners at or below
17 the lowest comparable delivery charge imposed by any other
18 irrigation district in Hidalgo County.

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

21 SECTION 6. CITY CONSENT; DISTRICT DUTIES. (a) On or before
22 the effective date of the ordinance described by Section 5 of this
23 Act, the district board shall provide the district's management and
24 operational records to the city that passed the ordinance to ensure
25 the orderly transfer of management and operational responsibility
26 to the city.

27 (b) Without the consent of a majority of the members of a

1 city council that publishes notice under Section 4(b) of this Act,
2 the district may not:

- 3 (1) sell, transfer, or encumber any district asset;
- 4 (2) issue debt or acquire additional obligations; or
- 5 (3) default on or fail to honor financial, legal, or
6 other obligations of the district.

7 (c) Unless a majority of the members of a city council that
8 publishes notice under Section 4(b) of this Act agree otherwise,
9 the district shall:

- 10 (1) maintain assets of the district in an appropriate
11 condition reflective of good stewardship and proper repair; and
- 12 (2) preserve district records, including information
13 maintained by the district in electronic format.

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

16 (e) This section expires on the date a city that has
17 published notice under Section 4(b) of this Act repeals the city's
18 ordinance described by Section 5 of this Act.

19 SECTION 7. PETITION BY VOTERS; SUSPENSION OR REPEAL OF
20 ORDINANCE; ELECTION. (a) The voters of the district and of a city
21 that enacts a transfer ordinance under this Act may object to the
22 ordinance by filing a petition with the secretary of the city.

23 (b) The petition must be signed by at least five percent of
24 the combined total of registered voters who reside in the city or
25 any part of the district outside the city.

26 (c) The petition must be filed not later than the 30th day
27 after the date the city council votes in favor of the transfer

1 ordinance under Section 5(c) of this Act.

2 (d) The city secretary shall verify the signatures on the
3 petition and shall present the verified petition to the city
4 council at the council's next scheduled meeting.

5 (e) On receipt of the petition, the city council shall
6 suspend the effectiveness of the ordinance, and the city may not
7 take action under the ordinance unless the ordinance is approved by
8 the voters under Subsection (f) of this section.

9 (f) The city council shall reconsider the suspended
10 ordinance at the next scheduled meeting of the council. If the city
11 council does not repeal the transfer ordinance, the city council
12 shall submit a proposition for or against enactment of the
13 ordinance to the voters of the city and the district at an election
14 held jointly by the city and the district on the next uniform
15 election date. The transfer ordinance takes effect if a majority of
16 the voters voting in that election vote in favor of the transfer.

17 SECTION 8. EFFECTIVE DATE OF TRANSFER. A transfer
18 ordinance under this Act takes effect on the date:

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

22 (2) the voters approve the transfer ordinance under
23 Section 7(f) of this Act.

24 SECTION 9. TRANSFER OF ASSETS. (a) On or before the
25 effective date of a transfer ordinance under Section 8 of this Act,
26 the district shall:

27 (1) transfer to the city the ownership of any water

1 rights and certificates of adjudication;

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

4 (3) provide notice and make recordings of the
5 transfers under this section as required by the Water Code and other
6 law.

7 (b) On receipt of notice of the transfer of a district
8 certificate of adjudication, the Texas Commission on Environmental
9 Quality shall note in its records that the certificate of
10 adjudication is owned and held by the city. The Texas Commission on
11 Environmental Quality shall transfer the district's certificate to
12 the city as a ministerial act without further application, notice,
13 or hearing. A person or other legal entity does not have a right to
14 object to or to request an administrative review of a transfer made
15 in accordance with this Act.

16 (c) The transfer of the district's water rights and any
17 certificate of adjudication to the city does not affect or impair
18 the priority, extent, validity, or purpose of the water rights or
19 certificate.

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

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

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 978 passed the Senate on April 7, 2011, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 27, 2011, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 978 passed the House, with amendment, on May 25, 2011, by the following vote: Yeas 136, Nays 5, three present not voting.

Chief Clerk of the House

Approved:

Date

Governor