

BILL ANALYSIS

H.B. 2055
By: Phillips
Special Purpose Districts
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Certain water districts are required to obtain approval of the Texas Commission on Environmental Quality (TCEQ) before they may issue bonds to finance their infrastructure construction projects. Interested parties contend that the requirement was enacted in response to abuses in special districts created by developers who issued bonds for the purpose of obtaining a reimbursement of infrastructure construction costs and that the requirements of that law not only add considerable cost to a project but also can delay a project for many months while a district waits for TCEQ approval. The parties note that there are a number of water districts that are exempt from compliance with the requirement and that recent amendments to the Water Code have placed the Marilee Special Utility District at a competitive disadvantage with entities not subject to the TCEQ approval requirement. The parties contend that the Marilee Special Utility District, which was created several decades ago as a water supply corporation and then converted to a special utility district, has demonstrated sound management and financial strength and that it should be allowed to issue net revenue bonds or notes without TCEQ oversight. H.B. 2055 seeks to address this issue.

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

H.B. 2055 amends the Special District Local Laws Code to establish that the Marilee Special Utility District has the rights, powers, duties, and obligations of an issuer under Government Code provisions relating to obligations for certain public improvements. The bill exempts the district from Water Code provisions relating to Texas Commission on Environmental Quality (TCEQ) authority over the issuance of certain water district bonds and TCEQ supervision of certain water district projects and improvements.

EFFECTIVE DATE

September 1, 2013.