

BILL ANALYSIS

S.B. 1873
By: Estes
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Certain water districts are required to obtain approval from the Texas Commission on Environmental Quality (TCEQ) before they may issue bonds to finance their infrastructure construction projects. Interested parties contend that certain provisions of the Water Code relating to TCEQ authority over issuance of certain water district bonds were enacted in response to abuses of certain special districts created by developers to issue bonds for the purpose of obtaining a reimbursement of infrastructure construction costs. These parties contend that such provisions were never intended to burden responsible, well-managed utility districts that provide utility services to the public.

The interested parties contend that a number of utility districts are currently exempt from such provisions, which places Mustang Special Utility District at a competitive disadvantage with entities not subject to the TCEQ approval requirement. Parties contend that Mustang Special Utility District should be exempt as well since the district is financially solvent, serves over 10,000 connections with a population of 25,000, has been in existence for over four decades, currently holds an S&P investment Bond Rating of A+, and is a participating member and board member of the Upper Trinity Regional Water District of Denton County. S.B. 1873 seeks to address this issue in order to enable the district to pass on cost savings to district customers in Denton County and more effectively meet capital improvement demands.

As proposed, S.B. 1873 amends current law relating to the authority to issue bonds of the Mustang Special Utility District.

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

SECTION 1. Amends Chapter 7209, Special District Local Laws Code, by adding Subchapter C, as follows:

SUBCHAPTER C. BONDS

Sec. 7209.101. **AUTHORITY TO ISSUE BONDS.** (a) Provides that the district has the rights, powers, duties, and obligations of an issuer under Chapter 1371 (Obligations for Certain Public Improvements), Government Code.

(b) Provides that Sections 49.181 (Authority of Commission Over Issuance of District Bonds) and 49.182 (Commission Supervision of Projects and Improvements), Water Code, do not apply to the district.

SECTION 2. Provides that all requirements of the constitution and the laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 3. Provides for the effective date of this Act.

EFFECTIVE DATE

This Act takes effect September 1, 2013.