

## **BILL ANALYSIS**

S.B. 1913  
By: Nichols  
Special Purpose Districts  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Interested parties note that two of the municipal utility districts that cover the neighborhood of April Sound, located in Montgomery County, have recently entered into strategic partnership agreements with the City of Conroe to define each entity's duties and responsibilities after full-purpose annexation. The signed agreements between the City of Conroe and the districts allow each district to remain limited-purpose districts for an indefinite period until the districts choose otherwise. The parties contend that the law applicable to each district needs to be changed in order to codify provisions of these agreements. S.B. 1913 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**

S.B. 1913 amends the Special District Local Laws Code to authorize the continuation of Montgomery County Utility District No. 3 and the Montgomery County Utility District No. 4 as limited districts after the full-purpose annexation by a municipality of the applicable district if the district and the annexing municipality state the terms of the limited district's existence in a strategic partnership agreement. The bill sets out the authorized components of a strategic partnership agreement between one of the districts and an annexing municipality.

S.B. 1913 requires such a strategic partnership agreement to be valid, binding, and enforceable in accordance with its terms and establishes that to achieve this purpose, the bill's provisions control over any other laws, rules, regulations, charter provisions, or ordinances and, if the districts and an annexing municipality enter into such an agreement, sovereign immunity is waived for each party for the purpose of adjudicating claims based on the agreement, subject to the terms and conditions provided by the bill's provisions. The bill limits the total amount of money awarded in the adjudication of such claims and establishes that this limit does not waive a defense or a limitation on damages available to a party to such an agreement other than a bar against suit based on sovereign immunity.

S.B. 1913 establishes that such a strategic partnership agreement is not a joint enterprise for liability purposes and that the bill's provisions do not waive sovereign immunity to suit for a cause of action for a negligent or intentional tort or for a cause of action brought by any person or entity that is not a party to the agreement. The bill provides authority for the applicable district and an annexing municipality to enter into a strategic partnership agreement and establishes that such authority is in addition to, and separate from, any authority provided by Local Government Code provisions relating to strategic partnerships for continuation of certain districts, and any other laws, rules, regulations, charter provisions, and ordinances.

S.B. 1913 applies its provisions to a strategic partnership agreement entered into before, on, or after the bill's effective date. The bill validates a strategic partnership agreement entered into by

either district before the bill's effective date, with certain specified exceptions.

**EFFECTIVE DATE**

September 1, 2013.