

By: Guerra

H.B. No. 3948

A BILL TO BE ENTITLED

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) contained on April 1, 2013, 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 date a  
transfer ordinance adopted pursuant to Section 6 of this Act takes  
effect under Section 8 of this Act.

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

5           (1) at least 80 percent of the raw water diverted by  
6 the district in the preceding 12 months was diverted for use by the  
7 city or at least 80 percent of the revenue received by the district  
8 from diverting raw water during the preceding 12 months was  
9 received from the 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 hold an  
22 election under Section 5 of this Act or propose an ordinance  
23 described by Section 6 of this Act, the city must conduct a public  
24 hearing on the issue.

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

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

1           (2) mailed to each district board member.

2           SECTION 5. ELECTION REQUIRED. (a) Before a city may  
3 propose an ordinance described by Section 6 of this Act, the city  
4 must hold an election within the boundaries of the territory of the  
5 district to determine if the registered voters within those  
6 boundaries support the district's dissolution. For purposes of this  
7 section the territory of the district includes all district  
8 territory as of April 1, 2013, and any annexations of territory  
9 after that date and before the last date for voter registration for  
10 the election. Territory that was ever included in the district but  
11 was later excluded is considered part of the territory of the  
12 district for purposes of this section. Notwithstanding any other  
13 law, all registered voters who reside within the boundaries of the  
14 territory of the district, including residents of territory that  
15 was once included in but was later excluded from the district, are  
16 eligible to vote in the election called under this section.

17           (b) The city shall adopt an election order providing for an  
18 election to be held in the territory of the district on the next  
19 uniform election date after the hearing conducted under Section 4  
20 of this Act. The election ballot must allow voting for or against  
21 the proposition to dissolve the district and to transfer all  
22 district obligations, liabilities, and assets to the city. The  
23 city shall contract with the county elections administrator as  
24 provided by Subchapter D, Chapter 31, Election Code, to conduct the  
25 election.

26           (c) The district may not be dissolved and its obligations,  
27 liabilities, and assets may not be transferred to the city unless a

1 majority of the voters voting at the election held under this  
2 section vote in favor of the proposition described by Subsection  
3 (b) of this section.

4 SECTION 6. TRANSFER ORDINANCE. (a) After a city council  
5 has made the findings required by Section 3(b) of this Act, has  
6 conducted a public hearing as required by Section 4 of this Act, and  
7 has held an election under Section 5 of this Act at which the  
8 district's dissolution was approved by the registered voters within  
9 the district, the city council may adopt an ordinance allowing the  
10 city to accept a transfer of the district's obligations,  
11 liabilities, and assets.

12 (b) The ordinance must contain provisions that:

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

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

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

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

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

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

27 SECTION 7. CITY CONSENT; DISTRICT DUTIES. (a) On or before

1 the effective date of the ordinance described by Section 6 of this  
2 Act, the district board shall provide the district's management and  
3 operational records to the city that passed the ordinance to ensure  
4 the orderly transfer of management and operational responsibility  
5 to the city.

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

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

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

- 16 (1) maintain assets of the district in an appropriate  
17 condition reflective of good stewardship and proper repair; and  
18 (2) preserve district records, including information  
19 maintained by the district in electronic format.

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

22 (e) This section expires on the date a city that has  
23 published notice under Section 4(b) of this Act repeals the city's  
24 ordinance described by Section 6 of this Act.

25 SECTION 8. EFFECTIVE DATE OF TRANSFER. A transfer  
26 ordinance under this Act takes effect on the date the city council  
27 approves the ordinance under Section 6(c) of this Act.

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

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

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

8           (3) provide notice of the dissolution of the district  
9 to the Texas Commission on Environmental Quality; and

10          (4) provide notice and make recordings of the  
11 transfers under this section as required by the Water Code and other  
12 law.

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

22          (c) The transfer of the district's water rights and any  
23 certificate of adjudication to the city does not affect or impair  
24 the priority, extent, validity, or purpose of the water rights or  
25 certificate.

26          SECTION 10. EXPIRATION. This Act expires January 1, 2018.

27          SECTION 11. EFFECTIVE DATE. This Act takes effect

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1 immediately if it receives a vote of two-thirds of all the members  
2 elected to each house, as provided by Section 39, Article III, Texas  
3 Constitution. If this Act does not receive the vote necessary for  
4 immediate effect, this Act takes effect September 1, 2013.