

By: Hinojosa

S.B. No. 1890

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;

8 (2) the city is capable of assuming all rights and
9 obligations of the district;

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

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

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

19 SECTION 4. HEARING REQUIRED. (a) Before a city may hold an
20 election under Section 5 of this Act or propose an ordinance
21 described by Section 6 of this Act, the city must conduct a public
22 hearing on the issue.

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

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

26 (2) mailed to each district board member.

27 SECTION 5. ELECTION REQUIRED. (a) Before a city may propose

1 an ordinance described by Section 6 of this Act, the city must hold
2 an election within the boundaries of the territory of the district
3 to determine if the registered voters within those boundaries
4 support the district's dissolution. For purposes of this section
5 the territory of the district includes all district territory as of
6 April 1, 2013, and any annexations of territory after that date and
7 before the last date for voter registration for the election.
8 Notwithstanding any other law, all registered voters who reside
9 within the boundaries of the territory of the district are eligible
10 to vote in the election called under this section.

11 (b) The city shall hold an election in the district on the
12 next uniform election date after the hearing conducted under
13 Section 4 of this Act. The election ballot must allow voting for or
14 against the proposition to dissolve the district and to transfer
15 all district obligations, liabilities, and assets to the city.

16 (c) The district may not be dissolved and its obligations,
17 liabilities, and assets may not be transferred to the city unless a
18 majority of the voters voting at the election held under this
19 section vote in favor of the proposition described by Subsection
20 (b) of this section.

21 SECTION 6. TRANSFER ORDINANCE. (a) After a city council
22 has made the findings required by Section 3(b) of this Act, has
23 conducted a public hearing as required by Section 4 of this Act, and
24 has held an election under Section 5 of this Act at which the
25 district's dissolution was approved by the registered voters within
26 the district, the city council may adopt an ordinance allowing the
27 city to accept a transfer of the district's obligations,

liabilities, and assets.

(b) The ordinance must contain provisions that:

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

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

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

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

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

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

SECTION 7. CITY CONSENT; DISTRICT DUTIES. (a) On or before the effective date of the ordinance described by Section 6 of this Act, the district board shall provide the district's management and operational records to the city that passed the ordinance to ensure the orderly transfer of management and operational responsibility to the city.

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

(1) sell, transfer, or encumber any district asset;

(2) issue debt or acquire additional obligations; or

1 (3) default on or fail to honor financial, legal, or
2 other obligations of the district.

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

6 (1) maintain assets of the district in an appropriate
7 condition reflective of good stewardship and proper repair; and

8 (2) preserve district records, including information
9 maintained by the district in electronic format.

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

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

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

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

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

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

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

27 (4) provide notice and make recordings of the

transfers under this section as required by the Water Code and other law.

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

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

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

SECTION 11. EFFECTIVE DATE. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.