

BILL ANALYSIS

Senate Research Center
84R704 SGA-F

H.B. 96
By: Flynn (Hall)
Intergovernmental Relations
5/24/2015
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Cash Special Utility District (SUD) is regulated under Chapters 65 and 49 of the Texas Water Code. Cash SUD has been providing potable water service for over 50 years. Cash SUD does not have taxing authority, nor do they want it.

Currently the bond issuance process requires a review by the Texas Commission on Environmental Quality (TCEQ) and the attorney general of Texas. This bill would exempt Cash SUD from the TCEQ review, which is designed to protect residents in developer districts who will be taxed to repay the bonds.

This bill will save the ratepayers of Cash SUD money by removing the burdensome review process and the need to issue additional bonds to cover the administration fees collected by the TCEQ. TCEQ will still have to approve Cash SUD's construction plans as detailed in Section 290.39 of their rules.

Pursuant to Section 49.184 of the Water Code, Cash SUD will still be required to have a thorough review by the Office of the Attorney General to determine financial capability to repay the bonds as well as have the bonds certified as valid and binding obligations.

In 2013 the Legislature recognized this need for exemption and passed bills exempting three SUDs from TCEQ's bond review process.

H.B. 96 amends current law relating to the authority of the Cash Special Utility District to issue bonds.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle C, Title 6, Special District Local Laws Code, by adding Chapter 7217, as follows:

CHAPTER 7217. CASH SPECIAL UTILITY DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 7217.001. DEFINITION. Defines "district" to mean the Cash Special Utility District.

SUBCHAPTER B. BONDS

Sec. 7217.051. 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 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. Effective date: September 1, 2015.