

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 1, 2019

The Honorable Dennis Bonnen
Texas House of Representatives
Capitol Station
PO Box 2910
Austin, Texas 78768-2910

Re: Responsibility of the Texas Commission on Environmental Quality (TCEQ) Pursuant to Article XVI, Section 59(d), Texas Constitution

House Bill (HB) 4704, as Filed by Representative Reggie Smith - Relating to the creation of the Double M Municipal Utility District of Grayson County; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.

Dear Speaker Bonnen:

The following comments are provided pursuant to the Constitutional requirements referenced above. Under those requirements, the TCEQ must submit, to the Governor, Lieutenant Governor and Speaker of the House of Representatives, the TCEQ's recommendations on specific legislation affecting water districts. We recommend that these comments be considered in the evaluation of the proposed legislation.

Sincerely,

A handwritten signature in cursive script that reads "Cari-Michel La Caille".

Cari-Michel La Caille, Director
Water Supply Division

cc: Honorable Tom Craddick, Chairman, House Land & Resource Management Committee
Representative Reggie Smith, Texas House of Representatives

Enclosure

**HB 4704, as Filed by Representative Reggie Smith
Texas Commission on Environmental Quality's Comments**

The Legislative Budget Board, in cooperation with the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ), has determined that:

This bill creates Double M Municipal Utility District of Grayson County (District) with the powers and duties of a standard municipal utility district under Water Code Chapters 49 and 54.

Comments on Powers/Duties Different from Similar Types of Districts:

The District must receive consent to the creation of the District from each municipality in whose corporate limits or extraterritorial jurisdiction the District is located and must approve and enter into a development agreement with the owners of land within the District under Section 212.172, Local Government Code, prior to holding a confirmation election; the bill specifies that if any of the territory of the District is annexed by the City of Gunter (City) into the City's corporate limits, the District retains all of the District's outstanding debt and obligations and is not dissolved; the bill requires the TCEQ to appoint the five initial temporary directors upon receipt of a petition from the owners of a majority of the assessed value of the real property in the district; the bill specifies that the District may not act as a retail provider of water or wastewater service; the District shall make the District's water and wastewater facilities available to an entity holding the applicable certificate of public convenience and necessity; the bill grants the District authority for road projects; the bill allows the district to divide; the bill specifies that at the time of issuance, the total principal amount of bonds or other obligations issued or incurred to finance road projects and payable from ad valorem taxes may not exceed one-fourth of the assessed value of real property in the District; and if the bill does not receive a two-thirds vote of all members elected to each house, the District may not exercise the power of eminent domain.

Overlapping Services: TCEQ does not have mapping information for water and/or wastewater providers because this function was transferred from the TCEQ to the Public Utility Commission on September 1, 2014. As a result, TCEQ is unaware of possible overlapping service providers.

TCEQ's Supervision: As with general law districts, the TCEQ will have general supervisory authority, including bond review authority and review of financial reports.

