

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 8, 2019

The Honorable Dan Patrick
Lieutenant Governor of Texas
Capitol Station
PO Box 12068
Austin, Texas 78711

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

Senate Bill (SB) 2520, as Filed by Senator Paul Bettencourt - Relating to the powers and duties of the Cy-Champ Public Utility District; providing authority to issue bonds; providing authority to impose a tax.

Dear Governor Patrick:

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.

This bill amends Chapter 8178, Special Districts Local Laws Code, related to Cy-Champ Public Utility District. The bill grants the District road powers. The bill allows the District to establish defined areas. The bill allows the District to add or exclude land from the defined areas in the same manner the District may add or exclude land from the District. 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. House Bill 4646 by Representative Harless is the companion to this bill.

Sincerely,


Cari-Michel La Caille, Director
Water Supply Division

cc: Honorable Eddie Lucio, Jr., Chairman, Senate Intergovernmental Relations Committee
Senator Paul Bettencourt, Texas Senate

LETTER OF TRANSMITTAL
TEXAS SENATE
STATE OF TEXAS

SB 2520

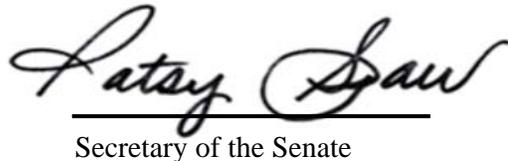
Bill Number

TO: The Honorable Governor of Texas
SUBJECT: A Bill Relating to a Conservation and Reclamation District

This is to transmit to you and the Texas Commission on Environmental Quality copies of a bill relating to a conservation and reclamation district and copies of the notice of intention to introduce the bill. One copy is for your files and one for you to forward to the Texas Commission on Environmental Quality, under Section 59(d), Article XVI, Constitution of the State of Texas.

4/3/2019

Date transmitted to
Governor's Office


Secretary of the Senate

TO: Texas Commission on Environmental Quality
SUBJECT: A Bill Relating to a Conservation and Reclamation District

This is to forward to you a copy of a bill relating to conservation and reclamation district and a copy of the notice of intention to introduce the bill.

April 11, 2019

Date transmitted to
Texas Commission on Environmental Quality


Governor

TO: The Honorable President of the Senate
The Honorable Speaker of the House of Representatives
The Honorable Governor of Texas
SUBJECT: A Bill Relating to a Conservation and Reclamation District

Attached are recommendations of the Texas Commission on Environmental Quality in compliance with Section 59(d), Article XVI, Constitution of the State of Texas.



Texas Commission on Environmental Quality

By: Bettencourt

S.B. No. 2520

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the powers and duties of the Cy-Champ Public Utility
3 District; providing authority to issue bonds; providing authority
4 to impose a tax.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Sections 8178.003(b) and (c), Special District
7 Local Laws Code, are amended to read as follows:

8 (b) All land and other property included in the boundaries
9 of the district will benefit from the works and projects
10 accomplished by the district under the powers conferred by Section
11 59, Article XVI, Texas Constitution, and Section 52, Article III,
12 Texas Constitution.

13 (c) The creation of the district is essential to accomplish
14 the purposes of:

15 (1) a municipal utility district as provided by
16 general law and Section 59, Article XVI, Texas Constitution; and

17 (2) Section 52, Article III, Texas Constitution, that
18 relate to the construction, acquisition, improvement, operation,
19 or maintenance of macadamized, graveled, or paved roads, or
20 improvements, including storm drainage, in aid of those roads.

21 SECTION 2. Subchapter C, Chapter 8178, Special District
22 Local Laws Code, is amended by adding Sections 8178.102, 8178.103,
23 8178.104, and 8178.105 to read as follows:

24 Sec. 8178.102. AUTHORITY FOR ROAD PROJECTS. Under Section

1 52, Article III, Texas Constitution, the district may design,
2 acquire, construct, finance, issue bonds for, improve, operate,
3 maintain, and convey to this state, a county, or a municipality for
4 operation and maintenance macadamized, graveled, or paved roads, or
5 improvements, including storm drainage, in aid of those roads.

6 Sec. 8178.103. ROAD STANDARDS AND REQUIREMENTS. (a) A road
7 project must meet all applicable construction standards, zoning and
8 subdivision requirements, and regulations of each municipality in
9 whose corporate limits or extraterritorial jurisdiction the road
10 project is located.

11 (b) If a road project is not located in the corporate limits
12 or extraterritorial jurisdiction of a municipality, the road
13 project must meet all applicable construction standards,
14 subdivision requirements, and regulations of each county in which
15 the road project is located.

16 (c) If the state will maintain and operate the road, the
17 Texas Transportation Commission must approve the plans and
18 specifications of the road project.

19 Sec. 8178.104. AUTHORITY TO ESTABLISH DEFINED AREAS.
20 Notwithstanding the acreage requirement under Section 54.801(a),
21 Water Code, the district may establish and administer defined areas
22 as provided by Subchapter J, Chapter 54, Water Code.

23 Sec. 8178.105. ADDITION OR EXCLUSION OF LAND IN DEFINED
24 AREA. The district may add or exclude land from the defined areas
25 in the same manner the district may add or exclude land from the
26 district.

27 SECTION 3. Chapter 8178, Special District Local Laws Code,

1 is amended by adding Subchapter D to read as follows:

2 SUBCHAPTER D. BONDS AND OTHER OBLIGATIONS FOR ROAD PROJECTS

3 Sec. 8178.151. AUTHORITY TO ISSUE BONDS AND OTHER
4 OBLIGATIONS FOR ROAD PROJECTS. (a) The district may issue bonds or
5 other obligations payable wholly or partly from ad valorem taxes,
6 impact fees, revenue, contract payments, grants, or other district
7 money, or any combination of those sources, to pay for a road
8 project authorized by Section 8178.102.

9 (b) The district may not issue bonds payable from ad valorem
10 taxes to finance a road project unless the issuance is approved by a
11 vote of a two-thirds majority of the district voters voting at an
12 election held for that purpose.

13 (c) At the time of issuance, the total principal amount of
14 outstanding bonds or other obligations issued or incurred to
15 finance road projects and payable from ad valorem taxes may not
16 exceed one-fourth of the assessed value of the real property in the
17 district.

18 Sec. 8178.152. TAXES FOR ROAD BONDS. At the time the
19 district issues bonds for road projects payable wholly or partly
20 from ad valorem taxes, the district shall provide for the annual
21 imposition of a continuing direct ad valorem tax, without limit as
22 to rate or amount, while all or part of the bonds are outstanding as
23 required and in the manner provided by Sections 54.601 and 54.602,
24 Water Code.

25 SECTION 4. The Cy-Champ Public Utility District retains all
26 the rights, powers, privileges, authority, duties, and functions
27 that it had before the effective date of this Act.

1 SECTION 5. (a) The legislature validates and confirms all
2 governmental acts and proceedings of the board of directors of the
3 Cy-Champ Public Utility District that were taken before the
4 effective date of this Act.

5 (b) This section does not apply to any matter that on the
6 effective date of this Act:

7 (1) is involved in litigation if the litigation
8 ultimately results in the matter being held invalid by a final court
9 judgment; or

10 (2) has been held invalid by a final court judgment.

11 SECTION 6. (a) The legal notice of the intention to
12 introduce this Act, setting forth the general substance of this
13 Act, has been published as provided by law, and the notice and a
14 copy of this Act have been furnished to all persons, agencies,
15 officials, or entities to which they are required to be furnished
16 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
17 Government Code.

18 (b) The governor, one of the required recipients, has
19 submitted the notice and Act to the Texas Commission on
20 Environmental Quality.

21 (c) The Texas Commission on Environmental Quality has filed
22 its recommendations relating to this Act with the governor, the
23 lieutenant governor, and the speaker of the house of
24 representatives within the required time.

25 (d) All requirements of the constitution and laws of this
26 state and the rules and procedures of the legislature with respect
27 to the notice, introduction, and passage of this Act are fulfilled

1 and accomplished.

2 SECTION 7. This Act takes effect immediately if it receives
3 a vote of two-thirds of all the members elected to each house, as
4 provided by Section 39, Article III, Texas Constitution. If this
5 Act does not receive the vote necessary for immediate effect, this
6 Act takes effect September 1, 2019.

NOTICE OF INTENTION TO INTRODUCE A BILL

NOTICE is hereby given of the intention to apply to the 86th Legislature of the State of Texas, Regular Session to be held in 2019, for the introduction of a bill, the substance of the contemplated law being as follows:

An Act relating to powers and duties of Cy-Champ Public Utility District (the "District"); providing authority to issue bonds; providing authority to impose fees and taxes; providing authority to establish defined areas and add or exclude land from defined areas; validating prior elections, contracts, bonds, obligations, expenditures, annexations, tax rate reduction agreements, and all other actions of the District; making findings as to compliance with Article XVI, Section 59 of the Texas Constitution.

The Act proposes to authorize the District to provide for the construction, maintenance, and operation of roads, subject to approval at an election by the qualified voters in the District, to establish defined areas, and to add or exclude land from defined areas.

THIS NOTICE is given in accordance with the requirements of Section 59 of Article XVI of the Texas Constitution, and said legislation will find that said requirements have been met.