

## **BILL ANALYSIS**

C.S.H.B. 2590  
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Land & Resource Management  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

It has been suggested that statutory changes are needed regarding the appointment of temporary directors for a municipal utility district and the conversion of a conservation and reclamation district into a municipal utility district. C.S.H.B. 2590 seeks to address these issues by setting out provisions relating to the administration, powers, and duties of a municipal utility district.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 2590 amends the Water Code to require a majority of temporary directors of a municipal utility district appointed by the Texas Commission on Environmental Quality (TCEQ) after granting a petition for the creation of the district to be residents of the following:

- the county in which the district is located;
- a county adjacent to the county in which the district is located; or
- if the district is located in a county that is in a metropolitan statistical area designated by the U.S. Office of Management and Budget or its successor agency, a county in the same metropolitan statistical area as the county in which the district is located.

The bill authorizes TCEQ to appoint temporary directors that do not meet these residency requirements if the petition or the application accompanying the petition provides that the petitioner made reasonable efforts but failed to identify candidates meeting those requirements who were willing to serve as temporary directors. These provisions of the bill do not affect the entitlement of a temporary director serving on the board of directors of a district immediately before the bill's effective date to continue to serve as a temporary director for the remainder of the director's term.

C.S.H.B. 2590 removes the requirement that the governing body of a conservation and reclamation district that desires to convert into a municipal utility district adopt and enter in the minutes of the governing body a certain resolution that requests TCEQ to hold a hearing on the question of the conversion. The bill requires the governing body instead to hold a hearing, after providing applicable notice in a newspaper with general circulation in the district, on the question of conversion. The bill requires the governing body to present a general description of any litigation that is pending against the district at the hearing. The bill authorizes the governing body, after the hearing, to adopt and enter in the minutes of the governing body a certain

resolution regarding the conversion that requests that TCEQ approve the conversion. The bill requires a copy of the resolution to be filed with TCEQ and mailed to each state senator and representative who represents the area in which the district is located.

### **EFFECTIVE DATE**

September 1, 2019.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 2590 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute does not include a provision requiring a copy of the TCEQ order granting or denying a petition for the creation of a municipal utility district to be mailed to each city having extraterritorial jurisdiction in the county or counties in which the district is proposed to be located who requested an applicable hearing and to each state senator and representative who represent the area in which the district is or is proposed to be located. The substitute includes a provision requiring a copy of a resolution regarding the conversion of an applicable district into a municipal utility district to be mailed to each state senator and representative who represents the area in which the district is located.

The substitute revises the residency requirements for a majority of the persons appointed by TCEQ as temporary directors of a TCEQ-approved municipal utility district to include, as eligible for appointment, residents of a county adjacent to the county in which the district is located or, if the district is located in a county that is in a metropolitan statistical area designated by the U.S. Office of Management and Budget or its successor agency, a county in the same metropolitan statistical area as the county in which the district is located. The substitute includes a provision providing for the conditions under which TCEQ may appoint temporary directors who do not meet applicable residency requirements.

The substitute includes provisions changing the entity required to hold a hearing on a proposed district conversion from TCEQ to the governing body of the district that desires to convert into a municipal utility district.

The substitute does not include provisions requiring the governing body of a district that desires to convert into a municipal utility district to provide certain notice to property owners in the district of legal proceedings pending against the converting district, including status updates until final resolution of the proceedings and notice of that resolution. The substitute includes a provision requiring instead the governing body of a converting district to present a general description of any litigation that is pending against the district at a conversion hearing.

The substitute does not include a provision requiring written notice of a conversion hearing to be sent by mail to landowners who own property adjacent to the district's boundaries. The substitute includes a provision providing for notice of a conversion hearing to be published in a newspaper with general circulation in the district.

The substitute does not include a provision prohibiting a municipal utility district from exercising the power of eminent domain outside the district boundaries to acquire a site or easement to discharge treated water or wastewater effluent.