

## **BILL ANALYSIS**

C.S.S.B. 2552  
By: Hinojosa  
Natural Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

It has been suggested that changes to the governing provisions of the Agua Special Utility District are needed in order to protect taxpayers against conflicts of interest and to strengthen the transparency and accountability of district directors and personnel. C.S.S.B. 2552 seeks to address these issues by setting out provisions relating to the administration of the district.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill expressly does one or more of the following: creates a criminal offense, increases the punishment for an existing criminal offense or category of offenses, or changes 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.S.B. 2552 repeals Special District Local Laws Code provisions that provide for the governance of the Agua Special Utility District by a board of seven directors that are elected to represent specified municipalities and elected at-large to represent the part of the district not included in those municipalities. The bill amends the Special District Local Laws Code to effectively replace those provisions with provisions providing for the governance of the district by a board of seven directors, each of whom occupies a numbered position on the board and represents a unique subdistrict containing, as near as practicable, one-seventh of the total number of residents in the district. The bill requires a candidate for a position on the board to reside in the subdistrict represented by that position and be eligible to hold office under applicable statutory provisions. These provisions of the bill take effect December 31, 2019.

C.S.S.B. 2552 requires the board, not later than December 31, 2019, to determine each subdistrict in accordance with applicable bill provisions and in compliance with all applicable provisions of the Election Code and provides for the initial election dates based on position numbers.

C.S.S.B. 2552 requires a director to file the applicable personal financial statement required of state officers with the Texas Ethics Commission, creates a Class B misdemeanor offense for a director who fails to file the statement, and requires a director to file a statement not later than January 1, 2020. The bill establishes that statutory personal financial statement provisions apply to a director as if the director were a state officer and govern the contents, timeliness of filing, and public inspection of the filed statement. The bill establishes that, for purposes of statutory provisions relating to the regulation of conflicts of interest of officers of municipalities, counties, and certain other local governments, a director, in connection with a vote or decision by the

board, is considered to have a substantial interest in a business entity if a person related to the director within the third degree by consanguinity or affinity has a substantial interest in the business entity. The bill establishes grounds for removal of a director from the board and prohibited conduct for directors and district employees. The bill requires the board to employ a person with prior experience and training as general manager and sets out provisions relating to the general manager, including provisions specifying duties of the general manager. The bill sets out conditions under which a person is ineligible to serve as a director or general manager of the district.

C.S.S.B. 2552 requires the district, not later than January 1, 2020, to establish and post on the district's website a database of district check register reports and sets out related provisions. The bill requires the district to publish its annual audit on its website not later than the third day after the date the accountant finalizes the audit. The bill revises provisions relating to the maintenance and update of the district's website.

C.S.S.B. 2552 does not affect the entitlement of a member serving on the board of directors of the district immediately before the bill's effective date to continue to serve as a member of the board for the remainder of the member's term, but prohibits such a member from serving more than two consecutive terms on the board even though one or more of those terms began before such date.

C.S.S.B. 2552 repeals Sections 7201.051 and 7201.052, Special District Local Laws Code, effective December 31, 2019.

#### **EFFECTIVE DATE**

Except as otherwise provided, September 1, 2019.

#### **COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE**

While C.S.S.B. 2552 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.

The substitute includes a provision prohibiting the district from including in the database of district check register reports a district employee's salary or personal identifying information.