

Jon Niermann, *Chairman*  
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## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

May 21, 2021

The Honorable Dade Phelan  
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) 4666, as Filed by Representative Charles Anderson - Relating to the creation of the Lorena Municipal Management District No. 1; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.

Dear Speaker Phelan:

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 Philip Cortez, Chairman, House Urban Affairs Committee  
Representative Charles Anderson, Texas House of Representatives

Enclosure

## **HB 4666, as Filed by Representative Charles “Doc” Anderson 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 Lorena Municipal Management District No. 1 (District) with the powers and duties of a standard municipal management district under Local Government Code Chapter 375.

**Comments on Powers/Duties Different from Similar Types of Districts:** The bill specifies that the District will provide for water, wastewater, drainage, road, and recreational facilities for the District. 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 board may appoint nonvoting directors to serve at the pleasure of the voting directors. The District may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service using money available to the District, or contract with a governmental or private entity to provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service. The board by resolution may authorize the creation of a nonprofit corporation with the powers created under Subchapter D, Chapter 431, Transportation Code. The District may contract to provide additional law enforcement services in the District. The District may join and pay dues to a charitable or nonprofit organization that performs a service or provides an activity consistent with the furtherance of a District purpose. The bill allows the District to create economic development programs and exercise economic development powers under Chapter 380, Local Government Code and Subchapter A, Chapter 1509, Government Code. The District may acquire, lease, construct, develop, own, operate, and maintain parking facilities. The bill specifies that the District may add or exclude land as provided by Subchapter J, Chapter 49, Water Code or by Subchapter H, Chapter 54, Water Code. The District may not exercise the power of eminent domain. The board may not finance a service or improvement project with assessments under this chapter unless a written petition requesting that service or improvement has been filed with the board. The District may impose an operation and maintenance tax on taxable property in the District if authorized by a majority of the District

voters. The board may not issue bonds until each municipality in whose corporate limits or extraterritorial jurisdiction the District is located has consented by ordinance or resolution to the creation of the District and to the inclusion of land in the District. The bill allows the board to dissolve the District on written petition filed with the board by the owners of at least two-thirds of the assessed valuation of property subject to assessment or taxation by the District. The board by majority vote may dissolve the District at any time. The District may not be dissolved by its board if the District has any outstanding bonded indebtedness until that bonded indebtedness has been repaid or defeased, has a contractual obligation to pay money until that obligation has been fully paid, or owns, operates, or maintains public works, facilities, or improvements unless the district contracts with another person for the ownership, operation, or maintenance of the public works, facilities, or improvements.

**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.