

## **BILL ANALYSIS**

Senate Research Center  
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C.S.H.B. 1154  
By: Jetton et al. (Kolkhorst)  
Local Government  
5/21/2021  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

#### **Statement of Purpose**

To provide transparency for residents of certain special purpose districts similar to that of other taxing entities in the State of Texas.

#### **Background**

Hundreds of thousands of Texans live in political subdivisions including water control and improvement districts, freshwater supply districts, municipal utility districts, and water improvement districts. For many residing in one of these districts, finding out who serves on a district's board, when these political subdivisions' boards meet, when they set a tax rate, or finding out the district's budget is nearly impossible. During COVID-19, many residents of municipal utility districts and other special purpose districts were unable to participate in the governance of their district.

In 2019, S.B. 239 by Senator Nelson provided residents with district meeting information on their water bills, recordings of meetings on a district Internet site if the district maintains one, and a process to petition the district to hold board meetings inside the district.

This legislation builds on the reforms passed by the 86th Legislature to add more transparency to special districts throughout the state. H.B. 1154 ensures the local availability and transparency of municipal utility districts and other special purpose districts and other certain water district board meetings and other information. The bill will ensure residents of special purpose districts can remain informed on the administration of the district in which they reside.

#### **Key Provisions**

- Requires every district created under Chapters 51 (Water Control Improvement Districts), 53 (Fresh Water Supply Districts), 54 (Municipal Utility Districts), or 55 (Water Improvement Districts), Water Code, that has a population of 500 or more to develop and maintain a district Internet site.
- Requires districts to post on their Internet website:
  - name of the district;
  - name and term of office for board members;
  - contact information for the main office of the district;
  - official district contact information for each member of the board;
  - the name of the general manager or executive director or person that performs their duties;
  - the contact information for a person representing the utility operator;

- the contact information for a person representing the tax assessor-collector;
- if the district imposes an ad valorem tax, the rate of the ad valorem tax;
- if the district imposes a sales and use tax, the rate of the sales and use tax;
- notice of the tax hearing required under the Water Code;
- the location and schedule of meetings of the board;
- notice of a meeting of the board;
- minutes of each meeting of the board; and
- the most recent financial audit of the district.
- Allows a district to allow the general public to watch or listen to a board meeting by video or telephone conference call.
- Adds Section 49.062(b-1), Water Code, to require "rural area districts" to designate a meeting place inside the district or within 10 miles of the boundary of the district if the district holds quarterly meetings.

Defines "rural area districts" as a district where more than half of the projected retail water or sewer connections are active and that is not wholly or partly located in a county that as of the 2010 Census had a population of 800,000 or more or bordered a county with a population of 800,000 or more.

If the board establishes that no practical place exists for meeting within 10 miles of the boundary of the district, the district may establish a meeting place or places in the county in which the district is located.

Requires water and sewer districts to include on the bill to a customer information leading the customer to the district's Internet site.

(Original Author's/Sponsor's Statement of Intent)

C.S.H.B. 1154 amends current law relating to the requirements for meetings held and Internet websites developed by certain special purpose districts.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 403.0241(c), Government Code, to require that the database, for each special purpose district described by Subsection (b) (relating to requiring the comptroller to create and make accessible on the Internet a database, to be known as the Special Purpose District Public Information Database, that contains certain information regarding all special purpose districts of this state), include the special purpose district's Internet website address or, if the district does not maintain an Internet website, the address of any Internet website or websites the district uses to comply with Section 2051.202 of this code and Section 26.18 (Posting of Tax Rate and Budget Information by Taxing Unit on Website), Tax Code, rather than the special purpose district's website address, if any.

SECTION 2. Amends Section 551.1283, Government Code, by adding Subsections (d) and (e), as follows:

(d) Requires a district that maintains an Internet website to post on that website links to any other Internet website or websites the district uses to comply with Section 2051.202 of this code and Section 26.18, Tax Code.

(e) Requires that nothing in Chapter 551 (Open Meetings) prohibit a district from allowing a person to watch or listen to a board meeting by video or telephone conference call.

SECTION 3. Redesignates Subchapter E, Chapter 2051, Government Code, as added by Chapter 1029 (H.B. 305), Acts of the 86th Legislature, Regular Session, 2019, as Subchapter F, Chapter 2051, Government Code, and amends it, as follows:

#### SUBCHAPTER F. INTERNET WEBSITE

Sec. 2051.201. INFORMATION REQUIRED ON WEBSITE. (a) Provides that this section applies only to a political subdivision with the authority to impose a tax that at any time on or after January 1, 2019, maintained a publicly accessible Internet website, and that is not subject to Section 2051.202.

(b) Creates this subsection from existing text and makes no further changes.

(c) Creates this subsection from existing text and makes a conforming change.

Deletes existing text of redesignated Section 2051.151 providing that, except as provided by Section 2051.152(b), this subchapter applies only to a political subdivision with the authority to impose a tax that at any time on or after January 1, 2019, maintained a publicly accessible Internet website. Makes a nonsubstantive change.

Sec. 2051.202. FINANCIAL AND OPERATING INFORMATION OF SPECIAL PURPOSE DISTRICTS. (a) Defines "special purpose district."

(b) Provides that this section applies only to a special purpose district that:

(1) is authorized by the state by a general or special law to impose an ad valorem tax;

(2) during the most recent fiscal year imposed an ad valorem tax;

(3) during the most recent fiscal year had bonds outstanding, had gross receipts from operations, loans, taxes, or contributions in excess of \$250,000, or had cash and temporary investments in excess of \$250,000; and

(4) at the beginning of the most recent fiscal year, had a population of 500 or more, as determined by the governing body of the special purpose district.

(c) Provides that, notwithstanding Subsections (a) and (b), this section applies to a district created and operating under Chapter 387 (County Assistance District), Local Government Code.

(d) Requires a special purpose district to post or cause to be posted on an Internet website the following information, if applicable:

(1) the name of the special purpose district;

(2) the name and term of office of each member of the governing body of the special purpose district;

- (3) the contact information for the main office of the special purpose district, including the physical address, the mailing address, and the telephone number;
- (4) the official contact information for each member of the governing body of the special purpose district;
- (5) if the special purpose district employs a person as a general manager or executive director, or in another position to perform duties or functions comparable to those of a general manager or executive director, the name of the general manager, executive director, or person that performs those duties;
- (6) if the special purpose district contracts with a utility operator, the contact information for a person representing the utility operator, including a mailing address and telephone number;
- (7) if the special purpose district contracts with a tax assessor-collector, the contact information for a person representing the tax assessor-collector, including a mailing address and telephone number;
- (8) if the special purpose district imposes an ad valorem tax, the rate of the ad valorem tax of the special purpose district;
- (9) if the special purpose district imposes a sales and use tax, the rate of the sales and use tax of the special purpose district;
- (10) any notice of tax hearing required to be given under Chapter 26 (Assessment), Tax Code, or Section 49.236 (Notice of Tax Hearing), Water Code;
- (11) the location and schedule of meetings of the governing body of the special purpose district;
- (12) a statement substantially similar to a certain form as set forth in this subdivision;
- (13) each notice of a meeting of the governing body of the special purpose district under Subchapter C (Notice of Meetings), Chapter 551 (Open Meetings), for meetings conducted in the current calendar year and the immediately preceding calendar year;
- (14) the minutes of a public meeting of the governing body of the special purpose district under Section 551.021 (Minutes or Recording of Open Meeting Required) for meetings conducted in the current calendar year and the immediately preceding calendar year; and
- (15) the most recent financial audit of the special purpose district.

SECTION 4. Amends Section 49.062, Water Code, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Requires that the board, except as provided by Subsection (b-1), designate one or more places inside or outside the district for conducting the meetings of the board. Makes a nonsubstantive change.

(b-1) Defines "rural area district."

SECTION 5. Amends Section 49.0631, Water Code, as follows:

Sec. 49.0631. New heading: DISTRICT INFORMATION ON WATER BILL. Requires a district providing potable water or sewer service to as a part of the district's billing process include on a district's bill to a customer a certain statement. Authorizes the statement to be altered to provide the current Internet website address of the database created under Section 403.0241 (Special Purpose District Public Information Database), Government Code, the district, or the Internet website or websites the district uses to comply with Section 2051.202, Government Code, and Section 26.18, Tax Code. Makes nonsubstantive changes.

SECTION 6. Provides that Sections 2051.202(d)(13) and (14), Government Code, as added by this Act, apply only to a meeting held by a special purpose district on or after the effective date of this Act.

SECTION 7. Provides that to the extent of any conflict, this Act prevails over another Act of the 87th Legislature, Regular Session, 2021, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 8. Effective date: September 1, 2021.