

BILL ANALYSIS

Senate Research Center
87R27143 SLB-D

C.S.H.B. 4663
By: Martinez et al. (Hinojosa)
Local Government
5/21/2021
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Hidalgo County Drainage District No. 1 (district), which is overseen by the Hidalgo County Commissioners Court, is seeking legislation enabling it to sell revenue bonds and enter into private-public partnerships (P3). Traditionally, drainage districts would not be in a position to initiate operations that would generate revenue. However, the district has pioneered the capture and reuse of stormwater. The Texas Commission on Environmental Quality (TCEQ) issued the first water rights permit to sell approximately 80,000 acres of reclaimed water per year under TCEQ Water Rights Permit 13195.

Given the fact that the district now holds a commodity (water rights) that is marketable, it seeks the authority to sell revenue bonds and enter into P3 agreements to fund the multiple infrastructure improvements needed to sell reclaimed water to consumers.

H.B. 4663 will provide the district the authority to sell revenue bonds and enter into P3 agreements to fund the multiple infrastructure improvements needed to sell reclaimed water to consumers.

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

C.S.H.B. 4663 amends current law relating to the powers of the Hidalgo County Drainage District Number 1 and authorizes the issuance of bonds.

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. Defines "district" as the Hidalgo County Drainage District Number 1.

SECTION 2. (a) Authorizes district revenue bonds to be secured as described by a board resolution by a pledge of:

- (1) all or part of the district's gross revenue, other than taxation, minus the amount necessary to pay the cost of maintaining and operating the district and its property;
- (2) the net revenue of a contract made at any time; or
- (3) other revenue specified by board resolution.

(b) Authorizes the pledge to reserve the right to issue additional bonds on a parity with or subordinate to the bonds being issued, subject to conditions specified by the pledge.

(c) Authorizes district revenue bonds not payable wholly or partly from ad valorem taxes to be issued without an election.

SECTION 3. (a) Authorizes the district to sell reclaimed water at wholesale and sell reclaimed water on a retail basis to the extent that the sale does not conflict with a certificate of convenience and necessity.

(b) Authorizes the district to enter into public-private partnership agreements to fund infrastructure improvements needed to sell reclaimed water to consumers.

SECTION 4. Provides that all requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 5. Effective date: upon passage or September 1, 2021.