

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 526
By: Kolkhorst
Local Government
4/7/2021
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 subdivision 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. S.B. 526 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. This bill will allow residents of special purpose districts to remain informed on the administration of the district they reside in.

Key Provisions:

Requires every district created under Chapter 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 maintain a district Internet site.

Requires districts to post on their Internet website:

contact information for board members;

the time and place of the next meeting of the board;

a live video stream of each meeting of the board;

a video recording of each meeting of the board posted not later than the fifth business day after the date of the meeting and maintained for not less than one year;

minutes of each meeting of the board; and

information about the budget set by the district and any tax rate set by the district.

Amends 49.062(b), Water Code, to require districts to designate a meeting place inside the district. Eliminates the need for citizens to petition the board to make the designation. Allows the board to hold a meeting outside the district if no suitable location is available inside the district.

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

C.S.S.B. 526 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, as follows:

(c) Requires that, for each special purpose district described by Subsection (b) (relating to the creation of the Special Purpose District Public Information Database), the database include certain information, including 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. Makes a nonsubstantive change.

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

(d) Requires a special purpose 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 special purpose 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 a tax 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 nonsubstantive change.

Deletes existing text providing that this subchapter, except as provided by Section 2051.152(b) (relating to requiring a political subdivision with the authority to impose a tax to post certain information on a publicly accessible Internet website), 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.

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 the following: "Residents of the district have the right to request the designation of a meeting location within the district under Section 49.062(g), Water Code.";

(13) each notice of a meeting of the governing body of the special purpose district under Subchapter C (Notice of Meetings), Chapter 551, 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) Creates an exception under Subsection (b-1) and makes a nonsubstantive change.

(b-1) Defines "rural area district." Requires the board of a rural area district (board), if the board conducts meetings at least quarterly, to conduct a meeting at a designated meeting location inside the district or within 10 miles of the boundary of the district at least once per quarter. Authorizes the district to conduct the quarterly meeting at another designated meeting place in the county in which the district is located if the board determines that it is not practical to meet within 10 miles of the boundary of the 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, as a part of the district's billing process, to include on a district's bill to a customer a certain statement. Authorizes the statement to be altered to provide, among other Internet website addresses, 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. Makes application of Sections 2051.202(c)(13) and (14), Government Code, as added by this Act, prospective.

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.