By:  Hinojosa S.B. No. 2185

A BILL TO BE ENTITLED

AN ACT

relating to procedures for the dissolution of the Hidalgo County Water Improvement District No. 3.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  DEFINITIONS. In this Act:

(1)  "City" means a municipality described by Section 2 of this Act.

(2)  "City commission" means the governing body of the city.

(3)  "District" means the Hidalgo County Water Improvement District No. 3.

SECTION 2.  DISTRICT AND MUNICIPALITY TO WHICH ACT IS APPLICABLE. This Act applies only to:

(1)  the district; and

(2)  a municipality that:

(A)  has a population greater than 100,000; and

(B)  contained on April 1, 2021, within its corporate boundaries or extraterritorial jurisdiction more than half of the district's territory.

SECTION 3.  TRANSFER OF ASSETS AND DISSOLUTION OF DISTRICT. (a) On the date the city commission passes an ordinance accepting the assets, debts, and contractual rights and obligations of the district:

(1)  all assets, debts, and contractual rights and obligations of the district are property of the city; and

(2)  the district is dissolved.

(b)  The ordinance must contain provisions that:

(1)  eliminate the required payment of any flat tax or assessments paid to the district by landowners in the district;

(2)  ensure that all water rights are held in trust by the city for the uses previously adjudicated;

(3)  ensure that all individual water users are entitled to continue to use or have access to the same amount of water they were entitled to before the dissolution of the district;

(4)  require the city to perform all the functions of the district, including the provision of services; and

(5)  ensure delivery of water to landowners at or below the lowest comparable delivery charge imposed by any other irrigation district in Hidalgo County.

(c)  On the date of the dissolution of the district, and notwithstanding Section 51.790, Water Code, ownership of any certificate of adjudication held by the district, including any attachments or amendments to the certificate, transfers to the city.

(d)  The city shall notify the Texas Commission on Environmental Quality of the dissolution of the district and the transfer of any certificate of adjudication held by the district to the city.

(e)  On receipt of notice under Subsection (d) of this section, the Texas Commission on Environmental Quality shall note in its records that a certificate of adjudication transferred under Subsection (c) of this section is owned by the city. The Texas Commission on Environmental Quality shall, as a ministerial act, transfer the certificate to the city without further application, notice, or hearing. A person, party, or entity does not have any right of protest, objection, or administrative review of the transfer prescribed by this Act.

(f)  The transfer of the district's water rights and any certificate of adjudication to the city does not affect or impair the priority, extent, validity, or purpose of the water rights or certificate.

SECTION 4.  TRANSFER OF ASSETS. On or before the effective date of the dissolution of the district, the district shall:

(1)  provide the district's management and operational records to the city;

(2)  transfer to the city the ownership of any water rights and certificates of adjudication;

(3)  transfer the assets, debts, and contractual rights and obligations of the district to the city; and

(4)  provide notice and make recordings of the transfers under this section as required by the Water Code and other law.

SECTION 5.  CITY CONSENT. (a) Without the consent of a majority of the members of a city commission that provides notice under Section 3 of this Act, the district may not:

(1)  sell, transfer, or encumber any district asset;

(2)  issue debt or acquire additional obligations; or

(3)  default on or fail to honor financial, legal, or other obligations of the district.

(b)  Unless a majority of the members of a city commission that provides notice under Section 3 of this Act agree otherwise, the district shall:

(1)  maintain assets of the district in an appropriate condition reflective of good stewardship and proper repair; and

(2)  preserve district records, including information maintained by the district in electronic format.

(c)  Any action undertaken by the district that does not comply with Subsection (a) of this section is void.

(d)  This section expires on the date that a city has provided notice under Section 3 of this Act.

SECTION 6.  EXPIRATION. This Act expires January 1, 2026.

SECTION 7.  EFFECTIVE DATE. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2021.