

BILL ANALYSIS

C.S.H.B. 4663
By: Martinez
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Hidalgo County Drainage District Number 1, which is overseen by Hidalgo County, is seeking the authority to sell revenue bonds and enter into private-public partnerships. 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 storm water and needs the authority to sell revenue bonds and enter into partnerships to fund the multiple infrastructure improvements needed to sell reclaimed water to consumers. C.S.H.B. 4663 seeks to address this issue by providing for the district's authority to issue bonds and sell reclaimed water to consumers.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 4663 authorizes the Hidalgo County Drainage District Number 1 to do the following:

- sell reclaimed water to consumers; and
- enter into public-private partnership agreements to fund infrastructure improvements needed to sell reclaimed water to consumers.

C.S.H.B. 4663 authorizes district revenue bonds to be secured as described by a board resolution by a pledge of the following:

- 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;
- the net revenue of a contract made at any time; or
- other revenue specified by board resolution.

The bill 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. The bill authorizes district revenue bonds not payable from property taxes to be issued without an election.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 4663 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes specifications absent from the original that the district bonds to which the bill's provisions apply are district revenue bonds.