

SUBJECT: Allowing fresh water supply districts to contract with other water districts

COMMITTEE: Natural Resources — favorable, without amendment

VOTE: 6 ayes — Puente, Hamilton, Creighton, Guillen, Laubenberg, O'Day

0 nays

3 absent — Gattis, Gallego, Hilderbran

WITNESSES: For — Ken Petersen, Texas Rural Water Association; (*Registered but did not testify*: John Burke, Aqua Water Supply Corp.)

Against — None

BACKGROUND: Water Code, ch. 53 governs fresh water supply districts (FWSDs). Water districts are local political subdivisions of the state governed by boards of directors and created either by special or general law. Special districts can be created by an act of the Legislature under Texas Constitution, Art. 16, sec. 59, and their powers are determined by their enabling legislation.

DIGEST: HB 713 would allow a fresh water supply district to enter into a contract with an authorized water district or water supply corporation. The contract could allow the fresh water supply district through issuance of debt or other means to acquire and convey to the authorized district or corporation:

- a water supply, treatment, or distribution system;
- a sewage collection or treatment system; or
- land drainage improvements.

Under the terms of the contract, the fresh water supply district could rehabilitate the facilities or be required to pay fees for service provided by facilities to the authorized district or corporation. The contract also could allow the authorized district or corporation to purchase facilities from a fresh water supply district through periodic payments. An authorized district or corporation could operate the facilities conveyed by a fresh water supply district. The fresh water supply district could be required

under the contract to make water available to the authorized district or corporation for services within the fresh water supply district.

If water, sewer, or drainage facilities were conveyed to an authorized district or corporation upon construction, the authorized district or corporation could pay the fresh water supply district to provide services to residents or customers of the authorized district or corporation.

Under the contract, the fresh water supply district could convey the facilities at no cost and require the authorized district or corporation to use those facilities to provide service to customers within the fresh water supply district.

The contract would have to be approved by the governing bodies of the two entities. Voters would have to approve taxes imposed under a contract to the extent required under current law. A fresh water supply district would be able to issue bonds for purposes outlined in the bill.

The bill would take effect September 1, 2007.

**SUPPORTERS
SAY:**

HB 713 would allow a fresh water supply district to transfer ownership of water or sewer facilities to another water district, a power that these districts currently lack. By authorizing such agreements, HB 713 would encourage districts to work together and construct regional water facilities that could provide quality, affordable water services to residents throughout an area. The bill would provide districts with cost saving opportunities by granting increased flexibility when planning for the needs of their residents.

**OPPONENTS
SAY:**

No apparent opposition

NOTES:

In 2005, the 79th Legislature enacted similar legislation, HB 1644 by Callegari, which authorized a contract between a water control and improvement district or a municipal utility district and an authorized water district or a water supply corporation for the acquisition and conveyance of facilities.