

- SUBJECT:** Providing for the dissolution of a certain water improvement district
- COMMITTEE:** Urban Affairs — favorable, without amendment
- VOTE:** 6 ayes — Cortez, Holland, Bernal, Gates, Jarvis Johnson, Slaton
- 0 nays
- 3 absent — Campos, Minjarez, Morales Shaw
- SENATE VOTE:** On final passage, April 29 — 31-0, on Local and Uncontested Calendar
- WITNESSES:** No public hearing.
- BACKGROUND:** Some have suggested that the Hidalgo County Water Improvement District No. 3, originally created to provide water for agriculture to a region that has since become almost entirely urbanized, has outlived its purpose and is an unnecessary use of taxpayer funds.
- DIGEST:** SB 2185 would establish that the Hidalgo County Water Improvement District No. 3 would be dissolved on the day the city commission of a municipality that had a population greater than 100,000 and contained more than half of the district's territory within its corporate boundaries and extra-territorial jurisdiction (McAllen) passed an ordinance accepting the assets, debts, and contractual rights and obligations of the district. The ordinance would have to contain provisions that:
- eliminated the required payment of any flat tax or assessments paid to the district by landowners in the district;
  - ensured that all water rights were held in trust by the city for the uses previously adjudicated;
  - ensured that all individual water users were entitled to continue to use or have access to the same amount of water they were entitled to before the dissolution of the district;
  - required the city to perform all the functions of the district,

- including the provision of services; and
- ensured delivery of water to landowners at or below the lowest comparable delivery charge imposed by any other irrigation district in Hidalgo County.

On the date of the dissolution of the district, ownership of any certificate of adjudication held by the district would transfer to the city, which would have to notify the Texas Commission on Environmental Quality (TCEQ) of the dissolution of the district and the transfer of any certificate of adjudication. On receipt of such notice, TCEQ would have to record that a certificate of adjudication transferred under the bill's provisions was owned by the city.

On or before the effective date of the dissolution of the district, the district would have to:

- provide its management and operational records to the city;
- transfer to the city the ownership of any water rights and certificates of adjudication;
- transfer its assets, debts, and contractual rights and obligations to the city; and
- provide notice and make recordings of the transfers under this bill as required by the Water Code and other law.

Without the consent of a majority of a city commission that had provided notice of the district's dissolution to TCEQ, the district could not:

- sell, transfer, or encumber any district asset;
- issue debt or acquire additional obligations; or
- default on or fail to honor financial, legal, or other obligations.

Unless a majority of the city commission agreed otherwise, the district would have to maintain its assets in an appropriate condition reflective of good stewardship and proper repair and preserve district records.

Provisions related to the consent of a majority of the city commission for

certain district actions would expire on the date the city provided notice to TCEQ of the district's dissolution. Otherwise, the bill would expire January 1, 2026.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2021.