

BILL ANALYSIS

Senate Research Center

H.B. 2689
By: Cook (Lucio)
Natural Resources
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Engrossed

DIGEST

Currently, Texas law regarding certain water districts does not provide a means by which districts can change the 12-month period for which they estimate the expenses of maintaining and operating their irrigation system for the purposes of making assessments against water users. Water districts engaged in the delivery of irrigation water around the state are finding that changes in the 12-month period used in estimating maintenance and operations expenses are necessary for the sake of consistency and other reasons. H.B. 2689 provides a method by which the board of a water district may change this period by first going through a short transition period, so as to allow it to change to a different 12-month period which, thereafter, would be used in making its estimates and assessments against water users.

In addition, some districts are incurring difficulty in collecting flat rate assessments because existing law only allows the collection of 10 percent interest and 10 percent collection fees when collected in a legal proceeding. As a result of these provisions, often by the time a district goes through a legal proceeding, it actually receives much less than the original assessment. The current statutes are also unclear as to when assessments become delinquent. This bill provides that assessments become delinquent the first of the month following the date payment is due. It also increases the interest on past due assessments from 10 percent to up to 15 percent and adds a new penalty provision which is similar to ad valorem taxation of 15 percent.

PURPOSE

As proposed, H.B. 2689 provides for estimates of, and delinquent assessments for, maintenance and operating expenses in certain water districts.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 51.304, 51.310, 51.313, Water Code, as follows:

Sec. 51.304. BOARD'S ESTIMATE OF MAINTENANCE AND OPERATING EXPENSES. Authorizes the board of directors of a water control and improvement district to change the 12-month period for which it estimates the expenses of maintaining and operating the irrigation system by estimating such expenses for a shorter period so as to adjust to a new fixed date and thereafter estimating the expenses for 12-month periods following the adjusted fixed date.

Sec. 51.310. LIST OF DELINQUENT ASSESSMENTS. Requires assessments not paid to become delinquent on the first day of the month following the date payment is due. Deletes text requiring the board to make a public posting of certain information within 10 days after any assessment.

Sec. 51.313. INTEREST AND COLLECTION FEES. Requires assessments not paid by the first day of the month following the date payment is due to become delinquent, and a penalty of up to 15 percent of the amount of the past-due assessment to be added to the

amount due. Sets forth requirements applicable if a suit is filed to foreclose a lien on crops or if a delinquent assessment is collected by an attorney before or after suit. Makes conforming changes.

SECTION 2. Amends Sections 55.352, 55.360, 55.363, Water Code, as follows:

Sec. 55.352. New heading: BOARD'S ESTIMATE OF MAINTENANCE AND OPERATING EXPENSES. Authorizes the board of directors of a water improvement district to change the 12-month period for which it estimates the expenses of maintaining and operating the irrigation system by estimating such expenses for a shorter period so as to adjust to a new fixed date and thereafter estimating the expenses for 12-month periods following the adjusted fixed date.

Sec. 55.360. LIST OF DELINQUENT ASSESSMENTS. Makes conforming changes.

Sec. 55.363. INTEREST AND COLLECTION FEES. Requires assessments to bear interest at the rate of 15 percent, rather than 10 percent, per year. Makes conforming changes.

SECTION 3. Amends Sections 58.304, 58.310, 58.313, Water Code, as follows:

Sec. 58.304. New heading: BOARD'S ESTIMATE OF MAINTENANCE AND OPERATING EXPENSES. Authorizes the board of directors of an irrigation district to change the 12-month period for which it estimates the expenses of maintaining and operating the irrigation system by estimating such expenses for a shorter period so as to adjust to a new fixed date and thereafter estimating the expenses for 12-month periods following the adjusted fixed date.

Sec. 58.310. LIST OF DELINQUENT ASSESSMENTS. Makes conforming changes.

Sec. 58.313. INTEREST AND COLLECTION FEES. Makes conforming changes.

SECTION 4. Emergency clause.

Effective date: upon passage.