

BILL ANALYSIS

Senate Research Center

H.B. 3549
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Natural Resources
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Engrossed

DIGEST

Currently, southern Newton County and northern Orange County are served with water service by the South Newton Water Supply Corporation (corporation); however, public sanitary sewer service is not available, and all sewer systems are private on-site systems. Newton County, Texas was designated by the Texas Water Development Board (TWDB) as qualifying for assistance in financing waterworks and wastewater improvements under TWDB's Economically Distressed Area Program. The board of directors of the corporation, together with an advisory board, determined to create a governmental entity to provide for improved water and a wastewater collection system and to avail itself of the financing available through the TWDB. The corporation currently holds a certificate of convenience and necessity issued by the Texas Natural Resource Conservation Commission for the providing of water service only. H.B. 3549 creates a conservation and reclamation district to be known as the South Newton Special Utility District (district) subject to voter approval at a confirmation election. The district would be a governmental agency and a body politic and corporate which would provide water and wastewater services to the residents within the district. Conversion of the corporation to the South Newton Special Utility District is provided for in accordance with Chapter 65 of the Texas Water Code, which contemplates the conversion of member-owned water supply corporations to special utility districts.

PURPOSE

As proposed, H.B. 3549 provides for the creation, administration, powers, duties, functions, operations, and financing of the South Newton Special Utility District.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the South Newton Special Utility District in SECTION 13(a) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. CREATION; LEGISLATIVE DECLARATION. Provides that a conservation and reclamation district is created in Newton and Orange counties to be known as the South Newton Special Utility District (district), subject to approval at a confirmation election as specified under SECTION 10 of this Act. Provides that the district is a governmental agency and a body politic and corporate, and is created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

SECTION 2. DEFINITION. Defines "district."

SECTION 3. BOUNDARIES. Sets forth the boundaries of the district territory.

SECTION 4. FINDINGS RELATING TO BOUNDARIES. Provides that the legislature finds that the boundaries and field notes of the district form a closure. Sets forth other findings of the legislature regarding boundaries.

SECTION 5. FINDING OF BENEFIT. Provides that the legislature finds that all of the land and other property included within district boundaries will be benefited by the works and projects that are to be accomplished by the district, and that the district is created to serve a public use and benefit.

SECTION 6. POWERS. Provides that the district has all of the rights, powers, privileges, authority, functions, and duties conferred by the general law of this state applicable to special utility districts; and that those rights, powers, and duties are subject to the continuing right of supervision of the state to be exercised by and through the Texas Natural Resource Conservation Commission (TNRCC). Provides that this Act prevails over any provision of general law that is in conflict or inconsistent with this Act.

SECTION 7. BOARD OF DIRECTORS. Provides that the district is governed by a board of seven directors composed of certain residents. Authorizes the board, by resolution, to amend the requirement of this subsection as necessary to comply with federal law.

SECTION 8. TERMS OF DIRECTORS. Sets forth provisions regarding directors' terms.

SECTION 9. TEMPORARY DIRECTORS. Sets forth provisions regarding temporary directors.

SECTION 10. CONFIRMATION AND INITIAL DIRECTORS' ELECTION. Requires the temporary board of directors to call and hold an election to confirm establishment of the district and to elect initial directors. Provides that Section 41.001(a), Election Code, does not apply to a confirmation election held as provided by this section.

SECTION 11. ELECTION OF DIRECTORS. Sets forth the procedure for electing directors.

SECTION 12. ADDITIONAL POWERS. Authorizes the district as a special utility district to issue bonds to provide for all improvements and the maintenance of those improvements, and to provide for the payment of the bonds through revenues collected for that purpose. Authorizes the district to enter into contracts for certain purposes, and to acquire, develop, and use underground or surface water rights.

SECTION 13. DISTRICT FACILITIES. Authorizes the district, by rule, to establish standard specifications for certain facilities. Requires the board to hold a public hearing on the adoption of standards for district facilities, and to give notice of the hearing. Requires the district to file the standard specifications with TNRCC. Sets forth other provisions regarding the adoption of standard specifications for district facilities.

SECTION 14. CONSTRUCTION AND ACQUISITION OF SYSTEMS. Sets forth the terms by which the district is authorized to acquire, improve, extend, or construct a water system, sewer system, or water and sewer system. Provides that construction contracts are governed by the competitive bidding requirement of the Water Code. Authorizes contracts for the acquisition of existing water or sewer facilities to be made on terms agreed on by the parties.

SECTION 15. FINDINGS RELATING TO PROCEDURAL REQUIREMENTS. Sets forth other procedural requirements relating to the introduction of this Act.

SECTION 16. Emergency clause.
Effective date: upon passage.