

- SUBJECT:** Revising the authority of MUDs and other water districts
- COMMITTEE:** Natural Resources — committee substitute recommended
- VOTE:** 9 ayes — Counts, King, Cook, Corte, Hilderbran, Hope, R. Lewis, Puente, Walker  
0 nays — None
- WITNESSES:** For — Gordon Landwermeyer, Association of Water Board Directors of Texas  
Against — None  
On — John C. Williams, Canadian River Municipal Water Authority
- BACKGROUND:** Water Code, chapter 49 governs all general-law districts within the scope of the Water Code, such as municipal utility districts, water control and improvement districts, and levee improvement districts.
- DIGEST:** CSHB 3299 would revise the authority of districts under Water Code, chapter 49 to provide firefighting service, provide parks and recreation facilities, and administer other district operations.
- Voters could approve a district’s fire plan in the confirmation election for the district. The district could issue bonds or impose a fee to fund the plan and could submit the plan to the Texas Natural Resource Conservation Commission (TNRCC) for approval at any time after confirmation. The bill would eliminate current provisions requiring a district and TNRCC to hold hearings on the plan or on contracted firefighting services. A district could solicit voluntary contributions from its customers to fund the plan but would have to give notice that any contribution was voluntary and that the customer’s service could not be terminated for failure to contribute.
- CSHB 3299 would allow a district to develop and maintain recreational facilities, including street and security lighting, for people in the district. A district could not issue tax-supported bonds to fund development and

maintenance of the facilities but could charge fees to facility users and to water and wastewater customers. In establishing standards and allocating funds for the facilities, the district board would have to consider recreational facilities already serving the area.

The bill would make other changes relating to operational procedures, including:

- ! providing that a district's authorization to issue bonds approved at its confirmation election would not expire until the district was dissolved or annexed;
- ! providing that a district's operation and maintenance tax and other taxes would be exempt from certain administrative requirements of the Tax Code, such as requiring a district to mail to homeowners or publish in a newspaper certain information about tax and debt obligations;
- ! allowing a certificate of ownership certified by a county appraisal district to constitute proof of ownership in a petition to create a district or in a proceeding to annex property;
- ! allowing a district to pledge revenue from its water, sewer, or drainage fee to pay back capital improvement bonds;
- ! allowing a district to require an applicant or developer of a subdivision to grant an easement to provide access for the installation of facilities necessary to connect service;
- ! allowing a district to require property owners to connect to the district sewer system, except that a district could not require a property owner with a septic system to connect to the sewer system unless the septic system was failing, the district paid the connection costs, or during an upgrade to the septic system;
- ! allowing a district to amend plans after a construction contract had been awarded and work had begun if the aggregate change did not increase the original price by more than 10 percent;
- ! allowing a district to determine its prevailing wage rate for public works by adopting the rate of a city or county in its jurisdiction; and
- ! allowing a district to add or exclude land after approval by TNRCC and before its confirmation election.

A district could adopt and enforce regulations to maintain safe plumbing installations, ensure sanitary water conditions, prevent waste, regulate

privileges on any property in its jurisdiction, or provide a safe freshwater distribution system. Violation of a district regulation would be a Class C misdemeanor offense, punishable by a maximum fine of \$500.

If a district contracted to provide water or wastewater service to a city, the city could issue water and wastewater revenue-supported bonds to pay for service. A city could sell its water or sewer system to a district without an election.

CSHB 3299 would repeal current provisions requiring only certain information to be included in a confirmation ballot, requiring TNRCC approval to conduct a feasibility study for reclaiming land, and requiring written authority for an engineer to enter land in order to examine the land and locate boundaries.

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, 2001.

NOTES:

Major changes to the filed version made by the committee substitute include:

- ! allowing a district to pledge utility revenues to pay back capital improvement bonds;
- ! eliminating provisions that would have allowed a district to file a lien or to take other recourse against a property owner that did not connect to the district's sewer system; and
- ! eliminating a provision that would have exempted a district from reporting and remitting abandoned or unclaimed property.

The companion bill, SB 1444 by Brown, passed the Senate on April 23 by 29-0 and was reported favorably as substituted by the House Natural Resources Committee on May 2, making it eligible for consideration in lieu of HB 3299.