

SUBJECT: Revising the authority of MUDs and other water districts

COMMITTEE: Natural Resources — committee substitute recommended

VOTE: 5 ayes — Counts, Hilderbran, Hope, R. Lewis, Walker
0 nays
4 absent — King, Cook, Corte, Puente

SENATE VOTE: On final passage, April 23 — 29-0

WITNESSES: (*On House companion bill, HB 3299:*)
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 (MUDs), water control and improvement districts, and levee improvement districts.

DIGEST: CSSB 1444 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.

CSSB 1444 would allow a district to develop and maintain recreational facilities, including street and security lighting, for district residents. 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 prohibit the installation of private on-site sewer facilities on land within the district that was not served by the district's wastewater collection system and requiring the district to pay for any connection of sewer service to the site that required a connecting sewer line 300 feet or longer;
- ! 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.

CSSB 1444 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.

**SUPPORTERS
SAY:**

CSSB 1444 would help improve the efficiency of the day-to-day operations of MUDs and other water districts. For instance, the administrative burden of providing firefighting services would be reduced. The bill would expressly authorize districts to collect voluntary contributions to provide firefighting services, as is already practiced in some districts. Also, some cases have arisen in which a district's bond authorization expired after a period of time. The bill would ensure that a bond authorization approved by voters would not expire. Districts also would be able to save time and resources by adopting the prevailing wage rate of a municipality or county in which they are located rather than conducting their own survey to set rates.

The bill would ensure that all districts were able to provide parks and other recreational facilities for district residents. Parks and recreational facilities make communities more desirable places to live by improving the quality of life. Allowing districts to collect fees from users of the facilities would

ensure that those who did not use the facilities did not have to pay an additional fee on their water or wastewater service bill.

OPPONENTS
SAY:

The bill would give MUDs and other districts too much authority. It would add incrementally to ever-increasing land-use regulation in unincorporated areas. For instance, the bill would allow districts to prohibit the installation of a septic system on private property.

Allowing districts to charge fees for use of parks and recreation facilities would discourage use of the facilities. All district customers should share equitably in the cost of such facilities because they benefit the quality of life for the entire community.

NOTES:

The companion bill, HB 3299 by Walker, was set on the May 8 House General State Calendar. SB 1444 was laid out in lieu of HB 3299, then postponed until today.

CSSB 1444 differs from its companion bill by allowing a district to prohibit installation of private on-site sewer facilities rather than requiring a property owner to connect to the district's sewer system.

Major changes made by the committee substitute include:

- ! allowing a district to pledge utility revenues to pay back capital improvement bonds;
- ! allowing a district to prohibit installation of private on-site sewer facilities; and
- ! eliminating a provision that would have exempted a district from reporting and remitting abandoned or unclaimed property.