

## **BILL ANALYSIS**

Senate Research Center  
84R4874 SGA-F

S.B. 2071  
By: Campbell  
Intergovernmental Relations  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Passage of S.B. 2071 and H.B. 3286 into law will allow the board of directors of the Rebecca Creek Municipal Utility District (MUD) to wind-up the affairs of the district and dissolve the district much sooner than the board is advised that dissolution may occur under existing laws applicable to the district. Being able to wind-up the district's affairs and dissolve the district will allow the board of directors to use funds reserved to pay administrative costs for the next four years for improvements to the water system that serves the subdivision, such as additional fire hydrants.

Rebecca Creek MUD is located in Comal County, west of Highway 281, north of the City of Bulverde and the Guadalupe River and Canyon Lake, and south of Blanco. The MUD, previously a fresh water supply district and water supply corporation, has existed many years, but even then, the district had not extended water service to all the property located within the district. However, the unserved tracts paid taxes to pay for the debt service and operation and maintenance expenses. The district's expenses were increasing and the number of customers served by the district was limited.

In order to take advantage of the economies of scale to increase the reliability of service and spread the costs over more customers, the board of the directors agreed to sell the district's water system to Canyon Lake Water Service Company (WSC) and Acequia Water Supply Corporation. Canyon Lake WSC is the retail water utility that surrounds the MUD and much of western Comal County. The sale allowed the district to arrange for the redemption of the bonds, to arrange for the installation of fire hydrants and other improvements to the system, and to arrange for customers to receive a credit on water bills. As required by law, notice of the transfer was provided to customers, and the Texas Commission on Environmental Quality approved this transfer of assets. Since the district no longer needed Rebecca Springs as a source of water supply, the district was able to convey the tract where the spring is located to the Wimberley Valley Watershed Association, thus assuring the long-term protection of this beautiful natural resource.

As proposed, S.B. 2071 provides for the dissolution of the Rebecca Creek Municipal Utility District.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. DEFINITION; BACKGROUND. (a) Defines "district" to mean the Rebecca Creek Municipal Utility District.

(b) Provides that, on or before January 1, 2015, the district's board of directors sold and transferred substantially all of the district's water utility system assets and used the proceeds from the sale to pay, or arrange for the payment of, all debts and liabilities of the district.

SECTION 2. DISTRICT DISSOLUTION. Authorizes the district's board of directors to adopt a resolution authorizing the dissolution of the district. Requires that the district be dissolved in accordance with the terms of that resolution.

SECTION 3. VALIDATION; LIMITATION. (a) Provides that the legislature validates and confirms all governmental acts and proceedings of the district that were taken before the effective date of this Act.

(b) Provides that this section does not apply to any matter that on the effective date of this Act:

(1) is involved in litigation if the litigation ultimately results in the matter being held invalid by a final court judgment; or

(2) has been held invalid by a final court judgment.

SECTION 4. NOTICE. Provides that all requirements of the constitution and the laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 5. EFFECTIVE DATE. Effective date: upon passage or September 1, 2015.