

By: Hinojosa

S.B. No. 978

A BILL TO BE ENTITLED

AN ACT

relating to procedures for the dissolution of the Hidalgo County
Water Improvement District No. 3.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. DEFINITIONS. In this Act:

(1) "City" means a municipality described by Section 2
of this Act.

(2) "City council" means the governing body of a city.

(3) "District" means the Hidalgo County Water
Improvement District No. 3.

(4) "District board" means the district's board of
directors.

SECTION 2. DISTRICT AND MUNICIPALITY TO WHICH ACT IS
APPLICABLE. This Act applies only to:

(1) the district; and

(2) a municipality that:

(A) has a population greater than 100,000; and

(B) contains within its corporate boundaries or
extraterritorial jurisdiction more than half of the district's
territory.

SECTION 3. FINDINGS PREREQUISITE TO MOTION TO DISSOLVE. At
a regularly scheduled meeting of the city council, a city may
propose an ordinance to dissolve the district if the city council
finds that as of the date of the meeting:

1 (1) at least 80 percent of the raw water diverted by
2 the district in the preceding 12 months was diverted for use by the
3 city;

4 (2) the city is capable of assuming all rights and
5 obligations of the district;

6 (3) the city is capable of assuming responsibility for
7 operating the district's facilities to benefit the district's
8 existing customers and performing the services and functions
9 performed by the district;

10 (4) dissolution of the district will result in an
11 overall cost savings to city residents; and

12 (5) dissolution of the district will result in a more
13 stable water supply for residents of the city and surrounding
14 communities.

15 SECTION 4. HEARING REQUIRED. (a) Before a city may propose
16 an ordinance to dissolve the district, the city must conduct a
17 public hearing on the issue.

18 (b) Notice of the public hearing must be:

19 (1) posted in accordance with the laws that apply to
20 regular meetings of the city council; and

21 (2) provided in writing to each district board member.

22 SECTION 5. DISSOLUTION BY ORDINANCE. (a) After a city
23 council has made the findings required by Section 3 and has
24 conducted a public hearing as required by Section 4, the city
25 council may dissolve the district by ordinance.

26 (b) The ordinance takes effect only if two-thirds of the
27 city council votes in favor of the ordinance.

1 SECTION 6. CITY CONSENT; DISTRICT DUTIES. (a) On or before
2 the effective date of the dissolution ordinance, the district board
3 shall provide the district's management and operational records to
4 the city that passed the ordinance to ensure the orderly transfer of
5 management and operational responsibility to the city.

6 (b) Without the consent of a majority of the members of a
7 city council that publishes notice under Section 4(b), the district
8 may not:

- 9 (1) sell, transfer, or encumber any district asset;
10 (2) issue debt or acquire additional obligations; or
11 (3) default on or fail to honor financial, legal, or
12 other obligations of the district.

13 (c) Unless a majority of the members of a city council that
14 publishes notice under Section 4(b) agree otherwise, the district
15 shall:

- 16 (1) maintain assets of the district in an appropriate
17 condition reflective of good stewardship and proper repair; and
18 (2) preserve district records, including information
19 maintained by the district in electronic format.

20 (d) Any action undertaken by the district that does not
21 comply with Subsection (b) of this section is void.

22 (e) This section expires on the date a city that has
23 published notice under Section 4(b) repeals the city's ordinance to
24 dissolve the district.

25 SECTION 7. PETITION BY VOTERS; SUSPENSION OR REPEAL OF
26 ORDINANCE; ELECTION. (a) The voters of a city that enacts a
27 dissolution ordinance under this Act may object to the ordinance by

1 filing a petition with the secretary of the city. The petition must
2 be signed by at least five percent of the city's registered voters.
3 The petition must be filed not later than the 30th day after the
4 date the city enacts the ordinance.

5 (b) The city secretary shall verify the signatures on the
6 petition and shall present the verified petition to the city
7 council at the council's next scheduled meeting.

8 (c) On receipt of the petition, the city council shall
9 suspend the effectiveness of the ordinance, and the city may not
10 take action under the ordinance unless the ordinance is approved by
11 the voters under Subsection (d) of this section.

12 (d) The city council shall reconsider the suspended
13 ordinance at the next scheduled meeting of the council. If the city
14 council does not repeal the ordinance, the city council shall
15 submit a proposition for or against enactment of the ordinance to
16 the voters at the next municipal election. The dissolution
17 ordinance takes effect if a majority of the voters voting in that
18 election vote in favor of dissolution.

19 SECTION 8. EFFECTIVE DATE OF DISSOLUTION. A dissolution
20 ordinance under this Act takes effect on the date:

21 (1) the period for filing a voter petition expires
22 under Section 7(a), if a voter petition is not filed under that
23 section; or

24 (2) the voters approve the dissolution ordinance under
25 Section 7(d).

26 SECTION 9. TRANSFER OF ASSETS. (a) On or before the
27 effective date of a dissolution ordinance under Section 8, the

1 district shall:

2 (1) transfer to the city the ownership of any water
3 rights and certificates of adjudication;

4 (2) transfer the assets, debts, and contractual rights
5 and obligations of the district to the city; and

6 (3) provide notice and make recordings of the
7 transfers under this section as required by the Water Code and other
8 law.

9 (b) On receipt of notice of the transfer of a district
10 certificate of adjudication, the Texas Commission on Environmental
11 Quality shall note in its records that the certificate of
12 adjudication is owned and held by the city. The Texas Commission on
13 Environmental Quality shall transfer the district's certificate to
14 the city as a ministerial act without further application, notice,
15 or hearing. A person or other legal entity does not have a right to
16 object to or to request an administrative review of a transfer made
17 in accordance with this Act.

18 (c) The transfer of the district's water rights and any
19 certificate of adjudication to the city does not affect or impair
20 the priority, extent, validity, or purpose of the water rights or
21 certificate.

22 SECTION 10. EXPIRATION. This Act expires January 1, 2016.

23 SECTION 11. EFFECTIVE DATE. This Act takes effect
24 immediately if it receives a vote of two-thirds of all the members
25 elected to each house, as provided by Section 39, Article III, Texas
26 Constitution. If this Act does not receive the vote necessary for
27 immediate effect, this Act takes effect September 1, 2011.