

1-1 By: Hinojosa S.B. No. 978
1-2 (In the Senate - Filed February 25, 2011; March 8, 2011,
1-3 read first time and referred to Committee on Intergovernmental
1-4 Relations; March 28, 2011, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 4, Nays 0;
1-6 March 28, 2011, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 978 By: West

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to procedures for the dissolution of the Hidalgo County
1-11 Water Improvement District No. 3.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. DEFINITIONS. In this Act:

1-14 (1) "City" means a municipality described by Section 2
1-15 of this Act.

1-16 (2) "City council" means the governing body of a city.

1-17 (3) "District" means the Hidalgo County Water
1-18 Improvement District No. 3.

1-19 (4) "District board" means the district's board of
1-20 directors.

1-21 SECTION 2. DISTRICT AND MUNICIPALITY TO WHICH ACT IS
1-22 APPLICABLE. This Act applies only to:

1-23 (1) the district; and

1-24 (2) a municipality that:

1-25 (A) has a population greater than 100,000; and

1-26 (B) contains within its corporate boundaries or
1-27 extraterritorial jurisdiction more than half of the district's
1-28 territory.

1-29 SECTION 3. FINDINGS PREREQUISITE TO MOTION TO DISSOLVE. At
1-30 a regularly scheduled meeting of the city council, a city may
1-31 propose an ordinance to dissolve the district if the city council
1-32 finds that as of the date of the meeting:

1-33 (1) at least 80 percent of the raw water diverted by
1-34 the district in the preceding 12 months was diverted for use by the
1-35 city;

1-36 (2) the city is capable of assuming all rights and
1-37 obligations of the district;

1-38 (3) the city is capable of assuming responsibility for
1-39 operating the district's facilities to benefit the district's
1-40 existing customers and performing the services and functions
1-41 performed by the district;

1-42 (4) dissolution of the district will result in an
1-43 overall cost savings to city residents; and

1-44 (5) dissolution of the district will result in a more
1-45 stable water supply for residents of the city and surrounding
1-46 communities.

1-47 SECTION 4. HEARING REQUIRED. (a) Before a city may
1-48 propose an ordinance to dissolve the district, the city must
1-49 conduct a public hearing on the issue.

1-50 (b) Notice of the public hearing must be:

1-51 (1) posted in accordance with the laws that apply to
1-52 regular meetings of the city council; and

1-53 (2) provided in writing to each district board member.

1-54 SECTION 5. DISSOLUTION BY ORDINANCE. (a) After a city
1-55 council has made the findings required by Section 3 of this Act and
1-56 has conducted a public hearing as required by Section 4 of this Act,
1-57 the city council may dissolve the district by ordinance.

1-58 (b) The ordinance must contain provisions that:

1-59 (1) eliminate the required payment of any flat tax or
1-60 assessments paid to the district by landowners in the district;

1-61 (2) ensure that all water rights are held in trust by
1-62 the city for the uses previously adjudicated;

1-63 (3) ensure that all individual water users are

2-1 entitled to continue to use or have access to the same amount of
2-2 water they were entitled to before the dissolution of the district;
2-3 and

2-4 (4) ensure delivery of water to landowners at or below
2-5 the lowest comparable delivery charge imposed by any other
2-6 irrigation district in Hidalgo County.

2-7 (c) The ordinance takes effect only if two-thirds of the
2-8 city council votes in favor of the ordinance.

2-9 SECTION 6. CITY CONSENT; DISTRICT DUTIES. (a) On or
2-10 before the effective date of the dissolution ordinance, the
2-11 district board shall provide the district's management and
2-12 operational records to the city that passed the ordinance to ensure
2-13 the orderly transfer of management and operational responsibility
2-14 to the city.

2-15 (b) Without the consent of a majority of the members of a
2-16 city council that publishes notice under Section 4(b) of this Act,
2-17 the district may not:

2-18 (1) sell, transfer, or encumber any district asset;

2-19 (2) issue debt or acquire additional obligations; or

2-20 (3) default on or fail to honor financial, legal, or
2-21 other obligations of the district.

2-22 (c) Unless a majority of the members of a city council that
2-23 publishes notice under Section 4(b) of this Act agree otherwise,
2-24 the district shall:

2-25 (1) maintain assets of the district in an appropriate
2-26 condition reflective of good stewardship and proper repair; and

2-27 (2) preserve district records, including information
2-28 maintained by the district in electronic format.

2-29 (d) Any action undertaken by the district that does not
2-30 comply with Subsection (b) of this section is void.

2-31 (e) This section expires on the date a city that has
2-32 published notice under Section 4(b) of this Act repeals the city's
2-33 ordinance to dissolve the district.

2-34 SECTION 7. PETITION BY VOTERS; SUSPENSION OR REPEAL OF
2-35 ORDINANCE; ELECTION. (a) The voters of a city that enacts a
2-36 dissolution ordinance under this Act may object to the ordinance by
2-37 filing a petition with the secretary of the city. The petition must
2-38 be signed by at least five percent of the city's registered voters.
2-39 The petition must be filed not later than the 30th day after the
2-40 date the city enacts the ordinance.

2-41 (b) The city secretary shall verify the signatures on the
2-42 petition and shall present the verified petition to the city
2-43 council at the council's next scheduled meeting.

2-44 (c) On receipt of the petition, the city council shall
2-45 suspend the effectiveness of the ordinance, and the city may not
2-46 take action under the ordinance unless the ordinance is approved by
2-47 the voters under Subsection (d) of this section.

2-48 (d) The city council shall reconsider the suspended
2-49 ordinance at the next scheduled meeting of the council. If the city
2-50 council does not repeal the ordinance, the city council shall
2-51 submit a proposition for or against enactment of the ordinance to
2-52 the voters at the next municipal election. The dissolution
2-53 ordinance takes effect if a majority of the voters voting in that
2-54 election vote in favor of dissolution.

2-55 SECTION 8. EFFECTIVE DATE OF DISSOLUTION. A dissolution
2-56 ordinance under this Act takes effect on the date:

2-57 (1) the period for filing a voter petition expires
2-58 under Section 7(a) of this Act, if a voter petition is not filed
2-59 under that section; or

2-60 (2) the voters approve the dissolution ordinance under
2-61 Section 7(d) of this Act.

2-62 SECTION 9. TRANSFER OF ASSETS. (a) On or before the
2-63 effective date of a dissolution ordinance under Section 8 of this
2-64 Act, the district shall:

2-65 (1) transfer to the city the ownership of any water
2-66 rights and certificates of adjudication;

2-67 (2) transfer the assets, debts, and contractual rights
2-68 and obligations of the district to the city; and

2-69 (3) provide notice and make recordings of the

3-1 transfers under this section as required by the Water Code and other
3-2 law.

3-3 (b) On receipt of notice of the transfer of a district
3-4 certificate of adjudication, the Texas Commission on Environmental
3-5 Quality shall note in its records that the certificate of
3-6 adjudication is owned and held by the city. The Texas Commission on
3-7 Environmental Quality shall transfer the district's certificate to
3-8 the city as a ministerial act without further application, notice,
3-9 or hearing. A person or other legal entity does not have a right to
3-10 object to or to request an administrative review of a transfer made
3-11 in accordance with this Act.

3-12 (c) The transfer of the district's water rights and any
3-13 certificate of adjudication to the city does not affect or impair
3-14 the priority, extent, validity, or purpose of the water rights or
3-15 certificate.

3-16 SECTION 10. EXPIRATION. This Act expires January 1, 2016.

3-17 SECTION 11. EFFECTIVE DATE. This Act takes effect
3-18 immediately if it receives a vote of two-thirds of all the members
3-19 elected to each house, as provided by Section 39, Article III, Texas
3-20 Constitution. If this Act does not receive the vote necessary for
3-21 immediate effect, this Act takes effect September 1, 2011.

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