

## **BILL ANALYSIS**

C.S.H.B. 3006  
By: Middleton  
Natural Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The Trinity Bay Conservation District oversees water, sewage, and drainage in its area. Concerns have been raised that the oversight of all of these responsibilities has left the district's board of directors challenged to adequately address the full scope of the district's needs, particularly the district's drainage needs. C.S.H.B. 3006 seeks to address these concerns by creating the Trinity Bay Special Utility District, transferring water and sewage responsibility from the conservation district to the special utility district, and leaving the conservation district to oversee drainage operations.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3006 requires the Trinity Bay Conservation District, not later than December 1, 2022, to do the following:

- transfer to the Trinity Bay Special Utility District, which is created by the bill, the conservation district's assets, debts, and contractual rights and obligations relating to the construction, acquisition, ownership, operation, maintenance, repair, improvement, and extension of facilities necessary to do the following:
  - supply water for municipal uses, domestic uses, power and commercial purposes, and other beneficial uses; or
  - collect, transport, process, dispose of, store, and control domestic, industrial, or communal wastes whether in fluid, solid, or composite state; and
- provide notice and make recordings of the transfers as required by law.

C.S.H.B. 3006 establishes that, following the transfer, specified certificates of convenience and necessity are considered to be held by the special utility district and requires the conservation district's board of directors to notify the Public Utility Commission of Texas (PUC) of the transfer of the certificates to the special utility district. The bill requires the PUC, on receipt of the notice, to note in its records that the certificates are held by the special utility district and reissue the certificates in the special utility district's name without further application, notice, or hearing. A person, party, or entity does not have any right of protest, objection, or administrative review of the bill's transfer.

C.S.H.B. 3006 requires the conservation district and the special utility district, not later than November 30, 2022, to enter into a memorandum of understanding regarding compensation to the conservation district for transferred assets. The bill establishes that the sale and transfer of the conservation district's assets, debts, and contractual rights and obligations does not do the following:

- contravene a trust indenture or bond resolution relating to the district's outstanding bonds; or
- diminish or impair the rights of a holder of an outstanding bond, warrant, or other obligation of the district.

C.S.H.B. 3006 prohibits the special utility district's temporary board of directors from taking any regulatory action under applicable Water Code provisions before December 1, 2022, requires the temporary board to adopt rules for the special utility district's administration under those provisions before that date, and authorizes the temporary board to hire employees of the special utility district before that date. The bill, on that date, transfers to the special utility district the conservation district's powers, functions, and duties that may be exercised by the special utility district.

C.S.H.B. 3006 amends the Special District Local Laws Code to create the special utility district over the territory of the conservation district as that territory existed on September 1, 2021. The bill provides for the special utility district's governance and powers and duties. The bill prohibits the special utility district from performing a function that may be performed by a drainage district, which includes the conservation district as provided by the bill.

C.S.H.B. 3006 amends Chapter 282, Acts of the 51st Legislature, Regular Session, 1949, to grant the conservation district all rights, powers, privileges, functions, and duties provided by the general law of the state applicable to a drainage district. The bill prohibits the conservation district from performing the same function as a conservation and reclamation district whose territory overlaps with the conservation district's territory, which includes the special utility district. The bill removes the conservation district's authority to adopt and enforce reasonable rules and regulations to do the following and makes related changes:

- secure and maintain safe, sanitary, and adequate plumbing installations, connections, and appurtenances as subsidiary parts of its sanitary sewer system; and
- preserve the sanitary condition of all water controlled by the conservation district.

The bill repeals provisions that authorize the conservation district to do the following:

- construct, acquire, own, and operate all works, plans, and facilities necessary or useful to produce, transport, distribute, sell, and provide fresh water for domestic and municipal purposes to persons and properties within the conservation district and adjacent areas;
- construct, acquire, own, and operate all works, plans, and facilities necessary or useful to carry off used waters and to collect, transport, process, dispose of, and control all domestic, industrial, and communal wastes, whether of fluids, solids, or composites, within the conservation district and adjacent areas; and
- issue its revenue bonds, or its combination tax and revenue bonds, for the purpose of providing funds with which to construct or acquire a waterworks system or a sanitary sewer collection and disposal system for service within populated areas of the conservation district and adjacent areas.

These provisions of the bill take effect December 1, 2022.

C.S.H.B. 3006, effective December 1, 2022, repeals Sections 9(g), 9(h), and 11, Chapter 282, Acts of the 51st Legislature, Regular Session, 1949.

### **EFFECTIVE DATE**

Except as otherwise provided, September 1, 2021.

## **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3006 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute changes the original's deadline for the appointment of the special utility district's temporary board of directors from not later than 45 days after the effective date of the special utility district's enabling legislation to not later than October 15, 2022.

The substitute includes a provision not included in the original authorizing the Texas Commission on Environmental Quality to appoint a member of the special utility district's board of directors to fill a vacancy on the board.

The substitute differs from the original by postponing by one year the dates in the bill's transition provisions and the effective date of provisions amending the conservation district's governing provisions.