

## **BILL ANALYSIS**

S.B. 2185  
By: Hinojosa  
Urban Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The Hidalgo County Water Improvement District No. 3 was created a century ago to provide water for agriculture. Since then, its service region has become almost entirely urbanized and the district now pumps nearly all of its water supply directly to the City of McAllen. Concerns have been raised that the district has outlived its purpose, lacks proper oversight, and is an unnecessary use of taxpayer funds. S.B. 2185 seeks to address these concerns by setting forth an option for the city to dissolve the district and take over its obligations and responsibilities.

### **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**

S.B. 2185 dissolves the Hidalgo County Water Improvement District No. 3 and makes all of the district's assets, debts, and contractual rights and obligations municipal property on the date the governing body of a municipality that has the following characteristics passes an ordinance accepting the assets, debts, and contractual rights and obligations:

- the municipality has a population greater than 100,000; and
- the municipality contained on April 1, 2021, within its corporate boundaries or extraterritorial jurisdiction more than half of the district's territory.

The bill requires the ordinance to contain provisions that do the following:

- eliminate the required payment of any flat tax or assessments paid to the district by landowners in the district;
- ensure that all water rights are held in trust by the city for the uses previously adjudicated;
- ensure that all individual water users are entitled to continue to use or have access to the same amount of water they were entitled to before the dissolution of the district;
- require the city to perform all the functions of the district, including the provision of services; and
- ensure delivery of water to landowners at or below the lowest comparable delivery charge imposed by any other irrigation district in Hidalgo County.

S.B. 2185 establishes that on the date of the district's dissolution ownership of any certificate of adjudication held by the district, including any attachments or amendments to the certificate, transfers to the municipality. The bill requires certain municipal notification to and recordkeeping by the Texas Commission on Environmental Quality (TCEQ) regarding the

dissolution and the transfer of a certificate of adjudication. The bill requires TCEQ, as a ministerial act, to transfer the certificate to the municipality without further application, notice, or hearing and establishes the following:

- a person, party, or entity does not have any right of protest, objection, or administrative review of the transfer prescribed by the bill; and
- the transfer of the district's water rights and any certificate of adjudication to the municipality does not affect or impair the priority, extent, validity, or purpose of the water rights or certificate.

S.B. 2185 requires the district to do the following on or before the effective date of the district's dissolution:

- provide the district's management and operational records to the municipality;
- transfer to the municipality the ownership of any water rights and certificates of adjudication;
- transfer the district's assets, debts, and contractual rights and obligations to the municipality; and
- provide notice and make recordings of the transfers under these provisions of the bill as required by law.

S.B. 2185 prohibits the district from doing the following without the consent of a majority of the members of a municipal governing body that provides notice to TCEQ of the district's dissolution and the transfer of a certificate of adjudication:

- sell, transfer, or encumber any district asset;
- issue debt or acquire additional obligations; or
- default on or fail to honor financial, legal, or other obligations of the district.

The bill makes void any action undertaken by the district that does not comply with this prohibition. The bill requires the district to do the following unless a majority of the members of the governing body agree otherwise:

- maintain district assets in an appropriate condition reflective of good stewardship and proper repair; and
- preserve district records, including information maintained by the district in electronic format.

These provisions of the bill expire on the date that a municipality has provided the notice.

The provisions of S.B. 2185 expire January 1, 2026.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.