

SUBJECT: Procedures for adding new government entities to public utility agencies

COMMITTEE: Natural Resources — favorable, without amendment

VOTE: 9 ayes — Ritter, T. King, Beck, Creighton, Hopson, Larson, Lucio,
D. Miller, Price

0 nays

2 absent — Keffer, Martinez Fischer

SENATE VOTE: On final passage, April 28 — 31-0, on Local and Uncontested Calendar

WITNESSES: (*On House companion bill, HB 3620:*)
For — Mark Taylor, Hays Caldwell Public Utility Agency

Against — None

BACKGROUND: Local Government Code, ch. 572, subch. C, added in 1979, permits two or more local governments, including water districts, to create a public utility agency (PUA). These agencies may plan, finance, construct, own, operate, or maintain water supply, wastewater treatment, and sewage treatment and disposal facilities.

The governing bodies of public entities wishing to create a (PUA) must publish a notice in a newspaper of general circulation in affected counties that they intend to adopt the concurrent ordinance to create the PUA. Before the adoption of the concurrent ordinance, if 10 percent of the registered voters of an entity submit a petition requesting an election, the concurrent ordinance may not take effect unless a majority of voters in the election approve.

Currently, the only PUA in the state is the Hays Caldwell Public Utility Agency, created in January 2007 to serve the water supply needs for parts of Hays, Caldwell, and Guadalupe counties. The agency includes the cities of Kyle, San Marcos, and Buda, along with the Canyon Regional Water Authority representing County Line Water Supply Corporation (WSC), Crystal Clear WSC, and Maxwell WSC.

DIGEST: SB 1596 would amend Local Government Code, sec. 572.053, to allow local governments or other entities in a public utility agency (PUA) to add or delete another entity from a PUA through the concurrent ordinance process.

The bill would require a public entity proposing to join a PUA to publish notice of its plans in a newspaper of general circulation in the county. Before the date set for adopting the concurrent ordinance that created a PUA or added a public entity, if 10 percent of registered voters of the entity presented a petition requesting an election, the ordinance could not take effect unless approved by a majority of voters in the affected entities.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2011.

SUPPORTERS SAY: SB 1596 would clarify and streamline existing PUA statutes and would allow for expansion as well as creation of these agencies. Planning and financing necessary water and wastewater projects requires lengthy preparations, and SB 1596 would allow for the certainty needed to complete these utility projects.

While SB 1596 currently would apply to only one PUA in the state, the experience of the Hays Caldwell Public Utility Agency could persuade other cities, counties, and water districts to form, and later expand, their own PUAs. The bill would help make what has been a seldom used portion of state law into a useful mechanism to plan for the water needs of growing areas of Texas.

OPPONENTS SAY: No apparent opposition

NOTES: The House companion bill, HB 3620 by Isaac, was considered in a public hearing on April 19 and was reported favorably, as substituted, by the House Natural Resources Committee on May 3.