

SUBJECT: Procedures for dissolution of the Chisholm Trail Special Utility District

COMMITTEE: Special Purpose Districts — committee substitute recommended

VOTE: 5 ayes — Murphy, Bell, Cortez, Lang, Schubert

2 nays — Perez, Cospers

SENATE VOTE: On final passage, April 3 — 30-1 (Buckingham)

WITNESSES: *On House companion bill, HB 1045:*

For — Leonard Dougal and Delton Robinson, Chisholm Trail SUD;  
Snapper Carr and Art Rodriguez, City of Georgetown

Against — Tim Brown and John Fisher, Bell County; Ronny Dockrey, CL  
Dockrey Trust; Cristy Daniell; (*Registered, but did not testify*: Dirk  
Aaron, Clearwater Underground Water Conservation District; Michael  
Parker, River Ridge Ranch Property Owners' Association; Jeff Daniell;  
Judy Parker; Gary Young)

On — (*Registered, but did not testify*: Tammy Benter, Public Utility  
Commission)

BACKGROUND: Water Code, ch. 65 governs special utility districts (SUDs), which are  
created to provide water, wastewater, and firefighting services, but may  
not levy taxes.

In 2015, the Public Utility Commission (PUC) unanimously approved the  
transfer of the service area of the Chisholm Trail Special Utility District to  
the City of Georgetown, transferring to the Georgetown water utility the  
authority and obligation to serve water customers in the former Chisholm  
Trail SUD service area.

Under Water Code, sec. 49.321, the Texas Commission on Environmental  
Quality (TCEQ) may dissolve a SUD after notice and a hearing if the  
district has been inactive for five consecutive years and has no outstanding

bonded indebtedness.

Some parties note the Chisholm Trail SUD has been out of operation for more than a year after transferring operations and assets to the City of Georgetown and raise the issue of whether it should be dissolved before reaching five years of inactivity.

**DIGEST:** CSSB 248 would establish the circumstances under which the Chisholm Trail Special Utility District could be dissolved.

If a majority of the district's board of directors voted to dissolve it, the board could issue notice of a hearing on a proposal to dissolve the district in a manner prescribed by the bill. The district could not vote to propose dissolution if a lawsuit involving the district was pending.

The bill would establish requirements for the hearing, including that the board would need to hear all interested persons, consider whether dissolving the district would be in the best interests of the affected people and property, and vote on whether to dissolve the district. If two-thirds of the board members voted to dissolve the district, it would be dissolved after transferring its certificate of convenience and necessity and other assets and liabilities to the City of Georgetown. If two-thirds of the board did not vote to dissolve the district, it would not be dissolved. The board's order dissolving the district would be final and could not be appealed.

CSSB 248 would outline the procedure for the city to assume control of the operation and management of the district; all rights, duties, and obligations of the district; and records and other materials.

This 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, 2017.

**NOTES:** CSSB 248 made several changes to the Senate-passed version, including:

- specifying that the bill related to the Chisholm Trail Special Utility

District;

- prohibiting a vote to propose dissolution if the district was involved in a lawsuit;
- providing requirements for the hearing on dissolution; and
- outlining the procedure for the City of Georgetown to assume control of the operation and management of the district.

A companion bill, HB 1045 by Wilson, was left pending after a public hearing of the House Committee on Special Purpose Districts on May 4.