

## **BILL ANALYSIS**

Senate Research Center

S.B. 1077  
By: Lucio  
Natural Resources  
4-4-97  
As Filed

### **DIGEST**

Currently, Texas law regarding certain water districts does not provide a means by which districts can change the 12-month period for which they estimate the expenses of maintaining and operating their irrigation system for the purposes of making assessments against water users. Water districts engaged in the delivery of irrigation water around the state are finding that changes in the 12-month period used in estimating maintenance and operations expenses are necessary for the sake of consistency and other reasons.

This bill provides a method by which the board of a water district may change this period by first going through a short transition period, so as to allow it to change to a different 12-month period which, thereafter, would be used in making its estimates and assessments against water users. In other words, if a district currently estimates its maintenance and operating expenses on a June 1 to June 1 basis, it could change to a calendar year basis by estimating its expenses and making assessments for the period of June 1 to December 31 and, thereafter, estimate its operating expenses on the calendar year 12-month basis.

In addition, some districts are incurring difficulty in collecting flat rate assessments because existing law only allows the collection of 10 percent interest and 10 percent collection fees when collected in a legal proceeding. As a result of these provisions, often by the time a district goes through a legal proceeding, it actually receives much less than the original assessment. Also, the current statutes are unclear as to when assessments become delinquent.

This bill provides that assessments become delinquent the first of the month following the date payment is due. It also increases the interest on past due assessments from 10 percent to 15 percent and adds a new penalty provision which is similar to ad valorem taxation of 15 percent.

### **PURPOSE**

As proposed, S.B. 1077 provides a means by which the boards of certain water districts can adjust the 12-month period that they use for estimating maintenance and operation expenses. This bill also increases the interest on past due assessments from 10 to 15 percent and adds a new penalty of 15 percent on the unpaid assessment, penalty, and interest.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 51.304, 51.310, 51.313, Water Code, as follows:

Sec. 51.304. BOARD'S ESTIMATE OF MAINTENANCE AND OPERATING EXPENSES. Authorizes the board of directors of a water control and improvement district to change the 12-month period for which it estimates the expenses of maintaining and operating the irrigation system by estimating such expenses for a shorter period so as to adjust to a new fixed date and thereafter estimating the expenses for 12-month periods following the adjusted fixed date.

Sec. 51.310. LIST OF DELINQUENT ASSESSMENTS. Requires assessments not paid to become delinquent on the first day of the month following the date payment is due. Deletes text requiring the board to make a public posting of certain information within 10 days after any assessment.

Sec. 51.313. INTEREST AND COLLECTION FEES. Requires assessments not paid by the first day of the month following the date payment is due to become delinquent, and a penalty of 15 percent of the amount of the past-due assessment to be added to the amount due. Sets forth requirements applicable if a suit is filed to foreclose a lien on crops or if a delinquent assessment is collected by an attorney before or after suit. Makes conforming changes.

SECTION 2. Amends Sections 55.352, 55.360, 55.363, Water Code, as follows:

Sec. 55.352. New title: BOARD'S ESTIMATE OF MAINTENANCE AND OPERATING EXPENSES. Authorizes the board of directors of a water improvement district to change the 12-month period for which it estimates the expenses of maintaining and operating the irrigation system by estimating such expenses for a shorter period so as to adjust to a new fixed date and thereafter estimating the expenses for 12-month periods following the adjusted fixed date.

Sec. 55.360. LIST OF DELINQUENT ASSESSMENTS. Makes conforming changes.

Sec. 55.363. INTEREST AND COLLECTION FEES. Requires assessments to bear interest at the rate of 15 percent, rather than 10 percent per year. Makes conforming changes.

SECTION 3. Amends Sections 58.304, 58.310, 58.313, Water Code, as follows:

Sec. 58.304. New title: BOARD'S ESTIMATE OF MAINTENANCE AND OPERATING EXPENSES. Authorizes the board of directors of an irrigation district to change the 12-month period for which it estimates the expenses of maintaining and operating the irrigation system by estimating such expenses for a shorter period so as to adjust to a new fixed date and thereafter estimating the expenses for 12-month periods following the adjusted fixed date.

Sec. 58.310. LIST OF DELINQUENT ASSESSMENTS. Makes conforming changes

Sec. 58.313. INTEREST AND COLLECTION FEES. Makes conforming changes.

SECTION 4. Emergency clause.

Effective date: upon passage.