

## **BILL ANALYSIS**

Senate Research Center  
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C.S.H.B. 2267  
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Business & Commerce  
5/20/2005  
Committee Report (Substituted)

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

C.S.H.B. 2267 grants additional authority to the Coastal Water Authority (authority) to permit it to better assist the City of Houston in conveying surface water to users in the Harris County area in order to reduce the need to extract groundwater for such purposes. The pumping of groundwater has created surface subsidence with attendant damages to surface infrastructure and increased flooding.

C.S.H.B. 2267 makes certain that the authority can become involved in water reclamation and water desalination projects. The bill grants specific authority for the authority to use the bed and banks of rivers, streams and bayous of the state to transport surface water. C.S.H.B. 2267 also grants the authority the power to generate electricity by wind turbines and hydroelectric means for use by the authority and the City of Houston. This legislation allows the authority to create a local government corporation in the same manner as a city, county, or navigation district to assist the authority in implementing its projects. Finally, C.S.H.B. 2267 authorizes the authority to develop parks and to issue unrated bond anticipation notes.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 3, Chapter 601, Acts of the 60th Legislature, Regular Session, 1967, to set forth specific actions the Coastal Water Authority (authority) is authorized and empowered to take in relation to desalinated and reclaimed water. Provides that contracts the authority enters into for the acquisition of supplies or the provision of services may require the contracts to continue in effect until bonds issued by the authority to finance the cost of the authority's improvements, rather than water system, facilities, and other properties, and refunding bonds issued in lieu thereof, are paid. Requires the authority to secure the approval of the mayor and the city council of the City of Houston, Texas, before the authority acquires any water rights. Makes a conforming change.

SECTION 2. Amends Chapter 601, Acts of the 60th Legislature, Regular Session, 1967, by adding Sections 3A, 3B, 3C, and 3D, as follows:

Sec. 3A. Authorizes the authority to develop and generate electric energy for use by the authority or the City of Houston by wind turbines or hydroelectric facilities.

Sec. 3B. (a) Provides that the authority is a local government for purposes of Chapter 431 (Texas Transportation Corporation Act), Transportation Code.

(b) Authorizes the authority to create a nonprofit corporation in the manner provided by Chapter 431, Transportation Code, to aid and act on behalf of the authority in implementing an authority project. Provides that a corporation created under this section has all the powers of and receives the same tax exemptions as a local government corporation created and operating under Chapter 431, Transportation Code.

(c) Provides that a corporation created under this section is governed in the same manner as a local government corporation created by a municipality or county, except that the board of the authority is required to appoint the board of the corporation. Provides that the board of the corporation serves at the will of the board of the authority.

(d) Provides that the authority has complete governmental and supervisory control of a corporation created under this section.

(e) Prohibits a local government corporation created by the authority from exercising the powers of a municipality or a county and authorizes it to only become involved in projects which the authority can perform. Prohibits a local government corporation created by the authority from levying ad valorem taxes or acquiring, constructing, or operating parks or recreational facilities.

Sec. 3C. Authorizes the authority to use the bed and banks of the navigable and nonnavigable bayous, rivers, and streams of this state to transport and convey water. Authorizes the authority to construct and install improvements and facilities in the bayous, rivers, and streams if certain conditions are satisfied.

Sec. 3D. Authorizes the authority, upon securing a bed and banks permit from the Texas Commission on Environmental Quality, to issue unrated bond anticipation notes to finance the cost of an authority project without obtaining ratings for the notes. Provides that the notes are obligations as defined by Section 1371.001 (Definitions), Government Code, and may be issued and secured as provided by Chapter 1371 (Obligations for Certain Public Improvements), Government Code.

SECTION 3. Amends Section 4, Chapter 601, Acts of the 60th Legislature, Regular Session, 1967, by amending Subsection (a) and adding Subsection (d), as follows:

(a) Makes a conforming change.

(d) Authorizes the authority to incur indebtedness as provided in Article III, Section 52, Texas Constitution, for specific improvement purposes. Requires any ad valrem taxes bonds or other indebtedness for such purpose to be approved by two-thirds majority of the voting qualified voters of the authority.

SECTION 4. (a) Provides that all acts and proceedings of the authority or the board of directors of the authority taken before the effective date of this Act are validated and confirmed in all respects as if the actions had been done as authorized by law.

(b) Prohibits a governmental act or proceeding of the authority occurring after an act or proceeding validated by this Act from being held invalid on the ground that the prior act or proceeding, in the absence of this Act, was invalid.

(c) Provides that this section does not apply to any matter that on the effective date of this Act is involved or affected by the judiciary in a certain manner.

SECTION 5. Effective date: upon passage or September 1, 2005.