

BILL ANALYSIS

Senate Research Center
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S.B. 1067
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Due to chronic mismanagement, followed by the drought of 2011, it became evident that Chisholm Trail Special Utility District (district) was no longer able to provide adequate services to its customers, resulting in the Texas Commission on Environmental Quality requesting that they seek intervention by another political subdivision to take over water supply operations. Through this process, the district received approval by the Public Utility Commission of Texas and transferred all of the district's assets and liabilities and certificate of convenience and necessity to the City of Georgetown.

Despite the fact that the district no longer serves any customers and has been effectively defunct for three years, they are still compelled to hold regular meetings and elections since the district cannot legally dissolve under current law.

S.B. 1067 creates a process for dissolution of the district. Under the bill, a majority of the board must vote to propose dissolution, and, in a separate public hearing, a two-thirds vote of the board would be required in order to dissolve.

As proposed, S.B. 1067 amends current law relating to the dissolution of the Chisholm Trail Special Utility District.

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 Subtitle C, Title 6, Special District Local Laws Code, by adding Chapter 7219, as follows:

CHAPTER 7219. CHISHOLM TRAIL SPECIAL UTILITY DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 7219.001. DEFINITIONS. Defines "board," "city," and "district."

SUBCHAPTER B. DISSOLUTION OF DISTRICT

Sec. 7219.051. PROPOSAL FOR DISSOLUTION; NOTICE. (a) Authorizes the Chisholm Trail Special Utility District's board of directors (district; board), if a majority of the board votes to propose to dissolve the district, to issue notice of a hearing on a proposal to dissolve the district.

(b) Requires notice of the hearing, not later than the 14th day before the date set for the hearing, to be posted at the courthouse of each county in which the district is located and at the district's office and be published at least one time in a newspaper of general circulation in each county in which the district is located.

Sec. 7219.052. HEARING AND ORDER. (a) Requires the board, at the hearing held at the time and place stated in the notice under Section 7219.051, to hear all interested persons, consider whether the best interests of the persons and property in the district will be served by dissolving the district, and vote on whether to dissolve the district.

(b) Requires the board, if two-thirds of its members vote to dissolve the district, to enter a finding in its records that the district will be dissolved after completion of the process to transfer to the City of Georgetown (city) the district's certificate of convenience and necessity and other assets and liabilities under Section 7219.053. Requires the board, after the district's certificate of convenience and necessity and other assets and liabilities are transferred to the city under Section 7219.053, to enter an order in its records dissolving the district.

(c) Requires the board, if two-thirds of its members do not vote to dissolve the district, to enter an order in its records providing that the district is not to be dissolved.

Sec. 7219.053. ASSUMPTION OF OPERATION, MANAGEMENT, AND ASSETS AND LIABILITIES OF DISTRICT. (a) Requires the city to assume certain obligations and prerogatives of the district on the date the board enters a finding under Section 7219.052(b) that the district will be dissolved.

(b) Requires a state agency, to the extent that the assumption of an item listed in Subsection (a) requires the approval of the state agency, to grant approval without additional notice or hearing.

(c) Provides that this section does not enhance or harm the position of a contracting party.

Sec. 7219.054. REVIEW OF BOARD'S ORDER. Provides that the board's order dissolving the district is final and prohibits the board's order from being appealed in any manner to any judicial, administrative, or other tribunal if the board's order is entered after the completion of the process to transfer the district's certificate of convenience and necessity, including any necessary approval of a state agency.

SECTION 2. Effective date: upon passage or September 1, 2017.