

BILL ANALYSIS

Senate Research Center
85R9507 AAF-F

S.B. 1361
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Agriculture, Water & Rural Affairs
3/30/2017
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Sabine-Neches Navigation District (SNND) of Jefferson County is a county-wide navigation district which is the local sponsor of the Sabine-Neches Waterway, the ship channel serving the Port of Beaumont, the Port of Port Arthur, and numerous petro-chemical plants. The SNND is the third-largest waterway in the United States and the nation's largest commercial military outport.

In June 2014, Congress adopted the Water Resources Reform and Development Act (WRDA) of 2014, Section 7002(1) of which authorized the Sabine-Neches Waterway Improvement Project to deepen and widen the Sabine-Neches Waterway. The primary purpose of the proposed legislation is to provide absolute clarity on the authority of the SNND to move forward with the project. S.B. 1361:

- Clarifies that the SNND can utilize general law provisions under the authority granted by the legislature to navigation districts.
- Clarifies authorization for the ability to engage in firefighting activities.
- Clarifies that the SNND can utilize existing taxing authority to meet obligations relevant to the WRDA-authorized deepening and widening project and authorizes the creation of a domestic corporation to support the project.
- Clarifies that past acts of the SNND are considered valid, which may be necessary to obtain certain types of financing.

S.B. 1361 does not authorize any new taxing authority.

The project authorized by the WRDA will be one of the most significant public infrastructure projects in the state over the next decade, allowing Texas industry to fully utilize the newly deepened Panama Canal. The project is widely supported by all stakeholders in Jefferson County as it is projected to bring tens of thousands of jobs and over \$100 billion in new business activity to the region.

As proposed, S.B. 1361 amends current law relating to the powers and duties of the Sabine-Neches Navigation District of Jefferson County.

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 5, Chapter 1472, Acts of the 77th Legislature, Regular Session, 2001, as follows:

Sec. 5. GENERAL POWERS. Provides that this Act prevails over any provision of general law that is in conflict or inconsistent with this Act except that a provision of

general law that is in conflict or inconsistent with this Act prevails to the extent that the navigation and canal commission of the Sabine-Neches Navigation District of Jefferson County, Texas (SNND) exercises a power under that general law provision and that exercise is authorized by an order or resolution expressly referring to that general law provision.

SECTION 2. Amends Section 6A, Chapter 1472, Acts of the 77th Legislature, Regular Session, 2001, by adding Subsection (a-1), to authorize SNND to acquire, purchase, lease, maintain, repair, and operate facilities and equipment for preventing, detecting, controlling, and fighting fires on or adjacent to the Sabine-Neches Waterway and for the protection of life and property from damage by fire and explosion.

SECTION 3. Amends Section 6B, Chapter 1472, Acts of the 77th Legislature, Regular Session, 2001, by amending Subsection (f) and adding Subsections (i), (j), (k), (l), and (m), as follows:

(f) Authorizes SNND to pledge to impose and to impose a maintenance tax in an amount sufficient to comply with the district's obligations under the SNND's contracts, leases, and agreements at a maximum aggregate rate not to exceed 10 cents for the \$100 valuation of taxable property in SNND.

(i) Authorizes SNND to request a person designated by SNND to create a domestic entity under the Business Organizations Code and to approve the provisions of the certificate of formation, the provisions of the bylaws, and the initial members of the governing body of the domestic entity.

(j) Authorizes the provisions of the certificate of formation and the bylaws under Subsection (i) to include provisions that provide that the certificate and the bylaws may not be amended without SNND's consent and require SNND's approval of all members of the governing body of the domestic entity.

(k) Provides that the domestic entity created under Subsection (i) does not have the power of eminent domain.

(l) Provides that the domestic entity created under Subsection (i) is created for the purpose of financing all or a portion of the improvement project with funds from any private, public, or governmental source, including SNND.

(m) Authorizes SNND to enter into a contract with the domestic entity to pay a portion of the amount to finance the improvement project. Authorizes SNND to pledge the proceeds of SNND's maintenance tax to any contract with the domestic entity in the same manner as provided by Subsection (f).

SECTION 4. (a) Provides that the legislature validates and confirms all acts and proceedings of the board of directors of the SNND that were taken before the effective date of this Act.

(b) Prohibits Subsection (a) from applying to any matter that on the effective date of this Act is involved in litigation if the litigation ultimately results in the matter being held invalid by a final judgment of a court or has been held invalid by a final judgment of a court.

SECTION 5. Provides that all requirements of the constitution and the laws of this state and the rules and procedures of this legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 6. Effective date: upon passage or September 1, 2017.