

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 248
By: Schwertner
Agriculture, Water & Rural Affairs
3/20/2017
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, special utility districts (SUDs) formed under Texas law cannot legally dissolve, even if all liabilities and service responsibilities of the SUD have been transferred to a different political subdivision. Without a pathway to dissolution, these districts are still statutorily required to hold regular meetings and elections, despite no longer providing any services to customers.

S.B. 248 establishes a process by which a special utility district may legally dissolve, provided that its assets, liabilities, and certificate of convenience and necessity have previously been transferred to, or assumed by, another political subdivision. In order to dissolve, a two-thirds vote of the members of the board is required. (Original Author's / Sponsor's Statement of Intent)

C.S.S.B. 248 amends current law relating to the dissolution of a special utility district after the transfer of all obligations and services.

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 Subchapter H, Chapter 65, Water Code, by adding Section 65.7271, as follows:

Sec. 65.7271. DISSOLUTION OF DISTRICT FOLLOWING TRANSFER OF ALL OBLIGATIONS AND SERVICES. Authorizes the board of directors of a special utility district (board) to propose to dissolve the district and issue notice of a hearing on the proposed dissolution if the district's certificate of convenience and necessity has been transferred to another political subdivision and the district's assets and liabilities have been transferred to or assumed by another subdivision.

SECTION 2. Amends Section 65.730, Water Code, as follows:

Sec. 65.730. BOARD'S ORDER TO DISSOLVE DISTRICT. (a) Creates this subsection from existing text. Requires the board, for a dissolution hearing ordered under Section 65.727 (Dissolution of District Prior to Issuance of Bonds), if the board unanimously determines that dissolution is in the best interests of the persons and property in the district, to enter the appropriate findings and order in its records dissolving the district.

(b) Requires the board, for a dissolution hearing ordered under Section 65.7271, if two-thirds or more of the board's members vote to dissolve the district, to enter the appropriate findings and order in its records dissolving the district. Requires the board, otherwise, to enter its order providing that the district has not been dissolved.

SECTION 3. Effective date: upon passage or September 1, 2017.