

**SUBJECT:** Allowing navigation districts to contract with foreign entities

**COMMITTEE:** Transportation — favorable, without amendment

**VOTE:** 5 ayes — Alexander, Edwards, Hawley, Hill, Uher  
0 nays  
4 absent — Siebert, Y. Davis, Hamric, Noriega

**SENATE VOTE:** On final passage, Local and Uncontested Calendar, March 2 — 31-0

**WITNESSES:** No public hearing

**BACKGROUND:** The Legislature creates navigation districts for the development of deep-water navigation, both inland and coastal. Districts regulate and operate ports and ship traffic, dredge and maintain waterways, and generally maintain the state's ports and waterways. Texas' 23 navigation districts generally lie within Gulf Coast counties.

Navigation districts may be created under the Texas Constitution, Art. 16, sec. 59, or Art. 3, sec. 52 and are governed by Water Code, chapters 60-63. Chapter 60 includes the general powers granted to all navigation districts. A specific navigation district's powers, duties, jurisdiction, bonding, and taxing authority depend on the authority under which it was created.

**DIGEST:** SB 201 would amend the Water Code to allow navigation districts to contract with any person, foreign or domestic, if necessary or convenient to the operation or development of the district's ports and waterways.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house.

**SUPPORTERS SAY:** SB 201 would give navigation districts clear statutory authority to contract with Mexico to facilitate maritime trade or to coordinate other port activities. Districts already have the power to contract with the federal government or with other districts to pursue navigation projects of common interest. None of the statutes governing navigation districts, however, contain explicit authority

for districts to contract with foreign individuals, corporations, or other units of government. Such contracts could encounter legal difficulties if someone chose to challenge them.

Since Texas' ports receive foreign ships and must work closely with ports in Mexico, it would benefit both countries if they could enter into contracts with each other. For example, the Port of Corpus Christi recently was asked by the Altamira port system near Tampico, Mexico, for technical help with the operation of a grain elevator that was similar to one at Corpus Christi.

As trade increases between the two countries, cooperative projects could create and maintain valuable contacts and relationships. Also, Texas ports would benefit if Mexican ports had compatible systems, standards, and safety procedures.

**OPPONENTS  
SAY:**

Since navigation districts have taxing authority, under SB 201 Texas taxpayers could end up funding ill-conceived contracts with the Mexican government that could be difficult for the Texas Natural Resource Conservation Commission or any other regulatory agency to oversee.