

BILL ANALYSIS

Senate Research Center
76R6654 WP-F

H.B. 2275
By: Keel (Wentworth)
Natural Resources
5/13/1999
Engrossed

DIGEST

The Southwest Travis County Water District (district) was created by the 75th Legislature. The district's board of directors was composed of nine elected members and given the authority to issue bonds with a maturity date of 50 years after the date of issuance. Additionally, long maturity dates are normally associated with major infrastructure projects which are built to take advantage of economics of scale for construction costs but will not produce an early revenue stream sufficient to cover a shorter maturity period. A 40-year maturity date is more in line with current financial markets' acceptance of the longest maturity for newly issued bonds. The validity of the district is the subject of ongoing litigation. H.B. 2275 would require the board of directors of the district to be elected; change the number of board members; and change the maturity date of bonds to 40 years.

PURPOSE

As proposed, H.B. 2275 sets forth provisions regarding the Southwest Travis County Water District.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2.01(b), Chapter 844, Acts of the 74th Legislature, Regular Session, 1995, to provide that the board of directors of the Southwest Travis County Water District (board) consists of five members elected from the Southwest Travis County Water District (district) at large, rather than nine members appointed by the governor.

SECTION 2. Amends Section 2.02, Chapter 844, Acts of the 74th Legislature, Regular Session, 1995, to require a person to reside in the district, rather than be a resident of Travis County, to be eligible to serve as a director. Deletes text regarding at least seven of the directors. Makes a conforming change.

SECTION 3. Amends Section 2.03, Chapter 844, Acts of the 74th Legislature, Regular Session, 1995, as follows:

Sec. 2.03. New heading: **TERMS OF DIRECTORS AND DIRECTOR ELECTIONS.** Provides that directors are elected for staggered terms of four years. Requires the election to be held in the district for the election of two or three directors, as appropriate, from the district at large for terms to begin on the following January 1, on the first Tuesday after the first Monday in November of each odd-numbered year. Requires the board to have placed on the ballot the name of any candidate who files for the office of director and blank spaces to write in the name of other persons. Requires the board to declare the two or three persons, as appropriate, who receive the most votes to be elected as directors, when the vote is canvassed. Requires the remaining members of the board to appoint a person to fill a vacancy, if a director fails to qualify for office. Requires the remaining members of the board to appoint a successor to serve for the unexpired term, when a director dies, resigns, or is otherwise removed. Requires the Texas Natural Resource Conservation Commission (TNRCC) to appoint directors to fill the vacancies, if the number of directors is reduced to fewer than a majority. Requires a director's election to be conducted in accordance with the Election Code and the election provisions contained in Chapter 49, Water Code, except as provided by this section. Deletes text regarding initial directors, expiration of a director's term, and appointment of a successor.

SECTION 4. Amends Section 2.04, Chapter 844, Acts of the 74th Legislature, Regular Session, 1995, to require each director to qualify to serve as director in the manner provided by Section 49.055, Water Code, rather than Sections 51.0721, 51.078, and 51.079. Makes a conforming change.

SECTION 5. Amends Section 5.01(c), Chapter 844, Acts of the 74th Legislature, Regular Session, 1995, to authorize the board to prescribe the form, denomination, and interest rate of bonds issued by the district, except that bonds must mature serially or otherwise no more than 40 years, rather than 50 years, after their date.

SECTION 6. Amends Section 6.01, Chapter 844, Acts of the 74th Legislature, Regular Session, 1995, to set forth the legal description of the boundaries of the district.

SECTION 7. Provides that the district's rights and functions are exercised by a board composed as provided by SECTION 8 of this Act until the transition from an appointed to an elected board is completed, notwithstanding Section 2.01(b), Chapter 844, Acts of the 74th Legislature, Regular Session, 1995, as amended by this Act. Authorizes a member of the board who was not required to reside in the district at the time of appointment to continue to serve as director without residing in the district until expiration of the member's term, including any additional period of service required by Section 17, Article XVI, Texas Constitution, notwithstanding Section 2.02, Chapter 844, Acts of the 74th Legislature, Regular Session, 1995, as amended by this Act.

SECTION 8. Requires the transition of the board from an appointed to an elected body to be accomplished as provided by this section, notwithstanding any other provision in this Act. Requires the board to call and hold an election on the first Tuesday after the first Monday in November 1999 to elect five directors from the district at large to replace the nine appointed directors whose terms expire September 1, 1999. Provides that the nine appointed directors continue to hold office, in accordance with Section 17, Article XVI, Texas Constitution, until the elected directors qualify for office. Requires the five elected directors by lot to determine which two directors serve two-year terms and which three directors serve four-year terms.

SECTION 9. Requires the secretary of state to prescribe any necessary procedures to implement this Act, including modifications of applicable election procedures, periods, or deadlines.

SECTION 10. (a) Provides that the proper legal notice of the intention to introduce this Act, setting forth the general substance of this Act, has been published as provided by law, and the notice and a copy of this Act has been furnished to certain persons, including the governor, who has submitted the notice and the Act to TNRCC.

(b) Provides that TNRCC has filed its recommendations relating to this Act with certain persons within the required time.

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

SECTION 11. Effective date: September 1, 1999.

SECTION 12. Emergency clause.