

BILL ANALYSIS

Senate Research Center
80R2389 SGA-D

S.B. 1957
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Mustang Special Utility District (district), governed by a board of directors, was created to furnish retail water and sewer utility service. Its Certificate of Convenience and Necessity (CCN) covers over 80 square miles, primarily rural, in northeast Denton County.

Recently, developers have created several municipal utility districts and freshwater supply districts within the district's boundaries to fund water and sewer infrastructure for new high-density residential developments (developer district). Each developer district is governed by an independently elected board of directors and has exclusive right to provide retail water and sewer service within its political boundaries. Each developer district has agreed to transfer its water/sewer utility systems and customers to the district upon retiring their 20-year infrastructure bonds.

Residents of the developer districts receive no services from the district but still qualify to serve on the board of directors. Therefore, persons who do not receive utility services from the district are eligible to govern policies such as rates and capital improvement plans that impact the actual customers of the district.

As proposed, S.B. 1957 adds the provision that a person must be a water or sewer service customer of the district to serve on its board of directors. The bill also allows the board by rule to provide for the election of some or all of the directors from single-member districts.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the board of directors of the Mustang Special Utility District in SECTION 1 (Section 7209.053, Special District Laws Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle C, Title 6, Special District Local Laws Code, by adding Chapter 7209, as follows:

CHAPTER 7209. MUSTANG SPECIAL UTILITY DISTRICT

Sets forth standard language for the qualifications and method of electing directors of the Mustang Special Utility District (district). Sets forth standards, procedures, requirements, and criteria for:

General provisions of the district (Sections 7209.001-7214.050); and

Size, composition, election, and terms of the board of directors of the district (Sections 7209.051-7214.053).

SECTION 2. Provides that the changes in law made by Sections 7209.052 and 7209.053, Special District Local Laws Code, as added by this Act, do not affect the entitlement of a member serving on the board of directors of the district immediately before the effective date of this Act to continue to carry out the board's functions for the remainder of the member's term. Provides that the changes in law apply only to a member elected on or after the effective date of this Act. Provides that this Act does not prohibit a person who is a member of the board on the effective date of this Act from being reelected to the board if the person has the qualifications

required for a member under Sections 7209.052 and 7209.053, Special District Local Laws Code, as added by this Act.

SECTION 3. Provides that all requirements of the constitution and the laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 4. Effective date: September 1, 2007.