

## **BILL ANALYSIS**

Senate Research Center

S.B. 1422  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Maxwell Water Supply Corporation is a Texas non-profit, member-owned water supply corporation operating under Chapter 67, Texas Water Code. Maxwell Water Supply Corporation's service area encompasses an estimated 42,000 acres and exists within the extraterritorial jurisdiction of the cities of San Marcos, Kyle, Uhland, and Lockhart and within the corporate limits of San Marcos and Lockhart. Maxwell Water Supply Corporation provides water service to approximately 1,700 customers within Hays and Caldwell counties. The number of anticipated customers, however, is expected to increase substantially as the region continues to grow.

Accordingly, SB 1422 would convert Maxwell Water Supply Corporation into Maxwell Special Utility District. As a result, Maxwell Water Supply would shift from a nonprofit to a public entity. This would provide numerous benefits to its customers and property within the service area, including the ability to sell low interest, tax-exempt bonds; receive more exemptions from sales taxes; participate in cooperative purchasing programs provided by the Texas Facilities Commission; improve its ability to enter into water contracts; and attract a more competitive workforce.

The following entities have submitted resolutions supporting the conversion of Maxwell Water Supply Corporation into Maxwell Special Utility District: Caldwell County Commissioners Court, Canyon Regional Water Authority, City of Kyle, City of Lockhart, City of San Marcos, City of Uhland, County Line Special Utility District, and Martindale Water Supply Corporation.

As proposed, S.B. 1422 amends current law relating to the creation of the Maxwell Special Utility District; provides authority to issue bonds; grants a limited power of eminent domain; and provides authority to impose fees and assessments.

### **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 Subtitle C, Title 6, Special District Local Laws Code, by adding Chapter 7222, as follows:

#### CHAPTER 7222. MAXWELL SPECIAL UTILITY DISTRICT

Sets forth standard language for the creation of the Maxwell Special Utility District (district) in Caldwell and Hays Counties. Sets forth standards, procedures, requirements, and criteria for:

Creation, approval, and initial territory of the district (Sections 7222.0101–7222.0105);

Naming of and provisions related to initial temporary directors and transfer of assets and dissolution of the Maxwell Water Supply Corporation (Section 7222.0151–7222.0154);

Size of the the board of directors of the district (Sections 7222.0201); and

Powers and duties of the district, including the authority to charge a water service impact fee (Sections 7222.0301–7222.0302).

SECTION 2. Sets forth the initial boundaries of the district.

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. (a) Provides that if this Act does not receive a two-thirds vote of all the members elected to each house, Subchapter C, Chapter 7222, Special District Local Laws Code, as added by Section 1 of this Act, is amended by adding Section 7222.0303 to read as follows:

Sec. 7222.0303. NO EMINENT DOMAIN POWER. Prohibits the district from exercising the power of eminent domain.

(b) Provides that this section is not intended to be an expression of a legislative interpretation of the requirements of Section 17(c), Article I, Texas Constitution.

SECTION 5. Effective date: upon passage or September 1, 2019.