

PRELIMINARY DRAFT

TEXAS LEGISLATIVE COUNCIL
Special District Local
Laws Code
Chapter 7886
11/30/20

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15 CHAPTER 7886. SEBASTIAN MUNICIPAL UTILITY DISTRICT

16 SUBCHAPTER A. GENERAL PROVISIONS

17 Revised Law

18 Sec. 7886.0101. DEFINITIONS. In this chapter:
19 (1) "Board" means the district's board of directors.
20 (2) "Corporation" means a qualified water supply
21 corporation as described by Section 7886.0201.
22 (3) "District" means the Sebastian Municipal Utility
23 District.
24 (4) "Utility commission" means the Public Utility
25 Commission of Texas. (Acts 75th Leg., R.S., Ch. 516, Sec. 1; New.)

1 Source Law

2 Sec. 1. In this Act:

3 (1) "Board" means the board of directors
4 of the Sebastian Municipal Utility District.

5 (2) "District" means the Sebastian
6 Municipal Utility District.

7 (3) "Corporation" means a qualified water
8 supply corporation as described by Section 7 of this
9 Act.

10 Revisor's Note

11 The definition of "utility commission" is added
12 to the revised law for drafting convenience and to
13 eliminate frequent, unnecessary repetition of the
14 substance of the definition.

15 SUBCHAPTER B. POWERS AND DUTIES

16 Revised Law

17 Sec. 7886.0201. QUALIFIED WATER SUPPLY CORPORATION. A
18 corporation is qualified to assume the district's debts,
19 liabilities, and obligations and assume ownership of the district's
20 assets and facilities if the corporation:

21 (1) is member-owned, member-controlled, and formed
22 under Chapter 67, Water Code; and

23 (2) possesses a valid certificate of public
24 convenience and necessity obtained under Section 13.246, Water
25 Code. (Acts 75th Leg., R.S., Ch. 516, Sec. 7.)

26 Source Law

27 Sec. 7. A corporation is qualified to assume the
28 district's debts, liabilities, and obligations and
29 assume ownership of the district's assets and
30 facilities if the corporation:

31 (1) is member-owned and member-controlled
32 and formed under Chapter 76, Acts of the 43rd
33 Legislature, 1st Called Session, 1933 (Article 1434a,
34 Vernon's Texas Civil Statutes); and

35 (2) possesses a valid certificate of
36 public convenience and necessity obtained under
37 Section 13.246, Water Code.

38 Revisor's Note

39 Section 7, Chapter 516, Acts of the 75th
40 Legislature, Regular Session, 1997, refers to "Chapter
41 76, Acts of the 43rd Legislature, 1st Called Session,
42 1933 (Article 1434a, Vernon's Texas Civil Statutes)."

1 Chapter 76, Acts of the 43rd Legislature, 1st Called
2 Session, 1933, was revised in 1997 as Chapter 67, Water
3 Code. The revised law is drafted accordingly.

4 Revised Law

5 Sec. 7886.0202. PETITION TO DISSOLVE DISTRICT. (a) A
6 petition may be filed with the board requesting an election in the
7 district to decide if the board must enter into an agreement
8 described by Section 7886.0205(a).

9 (b) A petition filed under this section must be printed in
10 English and Spanish and read as follows:

11 "We, the undersigned, being registered voters in the
12 Sebastian Municipal Utility District, request the board of
13 directors of the Sebastian Municipal Utility District to hold an
14 election to decide if the board must enter into an agreement with a
15 qualified water supply corporation in which the district's debts,
16 liabilities, obligations, assets, and facilities are transferred
17 to the qualified water supply corporation and the district is
18 dissolved." (Acts 75th Leg., R.S., Ch. 516, Sec. 4.)

19 Source Law

20 Sec. 4. (a) A petition may be filed with the
21 board requesting an election in the district to decide
22 if the board must enter into an agreement as described
23 by Subsection (a) of Section 2 of this Act.

24 (b) A petition filed under this section shall be
25 printed in English and Spanish and read as follows:

26 "We, the undersigned, being registered voters in
27 the Sebastian Municipal Utility District, request the
28 board of directors of the Sebastian Municipal Utility
29 District to hold an election to decide if the board
30 must enter into an agreement with a qualified water
31 supply corporation in which the district's debts,
32 liabilities, obligations, assets, and facilities are
33 transferred to the qualified water supply corporation
34 and the district is dissolved."

35 Revised Law

36 Sec. 7886.0203. ELECTION RELATING TO DISSOLUTION OF
37 DISTRICT. (a) The board shall call an election as requested by a
38 petition filed under Section 7886.0202 only if:

39 (1) an election has not been held previously under
40 this section; and

41 (2) the board determines that the petition is signed

1 by at least 10 percent of the registered voters in the district.

2 (b) The board shall make the determination under Subsection
3 (a)(2) not later than the seventh day after the date on which the
4 board receives the petition.

5 (c) The board shall hold an election required by Subsection
6 (a) on the first authorized uniform election date after the date the
7 board determines an election is required that allows sufficient
8 time for the board to comply with all applicable provisions of the
9 Election Code.

10 (d) The board shall publish notice of the election in a
11 newspaper of general circulation in the district once each week for
12 three weeks before the date the election is scheduled to be held.

13 (e) The ballot for an election ordered in response to a
14 petition filed under Section 7886.0202 must be printed in English
15 and Spanish and read as follows:

16 "By voting YES on this ballot, you are voting in favor of
17 requiring the Sebastian Municipal Utility District to enter into an
18 agreement with a qualified water supply corporation in which the
19 district's debts, liabilities, obligations, assets, and facilities
20 are transferred to the corporation and the district is dissolved.
21 By voting NO on this ballot, you are voting against requiring the
22 Sebastian Municipal Utility District to enter into such an
23 agreement." (Acts 75th Leg., R.S., Ch. 516, Secs. 5(a), (b), (c),
24 (d) (part), (e).)

25 Source Law

26 Sec. 5. (a) The board shall call an election as
27 requested by a petition filed under Section 4 of this
28 Act only if:

29 (1) an election has not been held
30 previously under this section; and

31 (2) the board determines that the petition
32 is signed by at least 10 percent of the registered
33 voters in the district.

34 (b) The board shall make the determination under
35 Subsection (a)(2) of this section not later than the
36 seventh day after the date on which the board receives
37 the petition.

38 (c) The board shall hold an election required by
39 Subsection (a) of this section on the first authorized
40 uniform election date after the date the board
41 determines an election is required that allows
42 sufficient time for the board to comply with all

1 applicable provisions of the Election Code.

2 (d) The board shall publish notice of the
3 election in a newspaper of general circulation in the
4 district once each week for three weeks before the date
5 the election is scheduled to be held. . . .

6 (e) The ballot for an election ordered in
7 response to a petition filed under Section 4 of this
8 Act shall be printed in English and Spanish and read as
9 follows:

10 "By voting YES on this ballot, you are voting in
11 favor of requiring the Sebastian Municipal Utility
12 District to enter into an agreement with a qualified
13 water supply corporation in which the district's
14 debts, liabilities, obligations, assets, and
15 facilities are transferred to the corporation and the
16 district is dissolved. By voting NO on this ballot, you
17 are voting against requiring the Sebastian Municipal
18 Utility District to enter into such an agreement."

19 Revisor's Note

20 Section 5(d), Chapter 516, Acts of the 75th
21 Legislature, Regular Session, 1997, requires notice of
22 an election to enter into an agreement dissolving the
23 district to include the "time and place of the
24 election" and "a description of the issue to be decided
25 by the election." The revised law omits those
26 provisions because they duplicate provisions of
27 Section 4.004, Election Code, applicable to the
28 district under Section 1.002 of that code. The omitted
29 law reads:

30 (d) . . . The notice must include:

31 (1) the time and place of the
32 election; and

33 (2) a description of the issue
34 to be decided by the election.

35 Revised Law

36 Sec. 7886.0204. ELECTION RESULTS. (a) If a majority of the
37 voters vote in favor of the ballot proposition stated in Section
38 7886.0203(e), the board shall enter into an agreement described by
39 Section 7886.0205(a) if:

40 (1) a corporation agrees to the terms specified by
41 Section 7886.0205(a); and

42 (2) the utility commission determines that the
43 corporation is capable of rendering adequate and continuous service
44 as required by Section 13.251, Water Code.

45 (b) If a majority of the voters vote against the ballot

1 proposition stated in Section 7886.0203(e), the board may not enter
2 into an agreement described by Section 7886.0205(a) before the
3 district conducts the first board election held after the date on
4 which the voters voted against the ballot proposition. (Acts 75th
5 Leg., R.S., Ch. 516, Secs. 5(f), (g).)

6 Source Law

7 (f) If a majority of the electors vote in favor
8 of the ballot proposition stated in Subsection (e) of
9 this section, the board shall enter into an agreement
10 as described by Subsection (a) of Section 2 of this Act
11 if:

12 (1) a corporation agrees to the terms
13 specified by Subsection (a) of Section 2 of this Act;
14 and

15 (2) the Texas Natural Resource
16 Conservation Commission determines that the
17 corporation is capable of rendering adequate and
18 continuous service as required by Section 13.251,
19 Water Code.

20 (g) If a majority of the electors vote against
21 the ballot proposition stated in Subsection (e) of
22 this section, the board may not enter into an agreement
23 as described by Subsection (a) of Section 2 of this Act
24 before the district conducts the first board election
25 held after the date on which the electors voted against
26 the ballot proposition.

27 Revisor's Note

28 (1) Sections 5(f) and (g), Chapter 516, Acts of
29 the 75th Legislature, Regular Session, 1997, refer to
30 a majority vote of the "electors." The revised law
31 substitutes "voters" for "electors" because the terms
32 have the same meaning and "voters" is the term used in
33 the Election Code.

34 (2) Section 5(f), Chapter 516, Acts of the 75th
35 Legislature, Regular Session, 1997, refers to
36 authority exercised by the "Texas Natural Resource
37 Conservation Commission." The name of the Texas
38 Natural Resource Conservation Commission was changed
39 to the Texas Commission on Environmental Quality by
40 Section 18.01, Chapter 965, Acts of the 77th
41 Legislature, Regular Session, 2001. The regulatory
42 authority to grant and amend certificates of
43 convenience and necessity and determine whether a

1 certificate holder is providing continuous and
2 adequate service was transferred from the Texas
3 Commission on Environmental Quality to the Public
4 Utility Commission of Texas by Chapters 170 and 171,
5 Acts of the 83rd Legislature, Regular Session, 2013.
6 Throughout this chapter, the revised law substitutes a
7 reference to the utility commission for each reference
8 to the "Texas Natural Resource Conservation
9 Commission" to reflect the name of the agency with the
10 relevant regulatory authority.

11 Revised Law

12 Sec. 7886.0205. AGREEMENT AND ORDER RELATING TO DISSOLUTION
13 OF DISTRICT. (a) A corporation may enter into an agreement with the
14 district to:

15 (1) accept assignment of the district's certificate of
16 public convenience and necessity obtained under Section 13.246,
17 Water Code, and any right obtained under the certificate, after the
18 utility commission determines that the corporation is capable of
19 rendering adequate and continuous service as required by Section
20 13.251, Water Code;

21 (2) assume the district's debts, liabilities, and
22 obligations;

23 (3) assume ownership of the district's assets and
24 facilities; and

25 (4) perform the district's functions and provide all
26 services previously provided by the district.

27 (b) If a corporation enters into an agreement described by
28 Subsection (a), the board shall issue an order that dissolves the
29 district.

30 (c) The district's dissolution becomes effective on the
31 30th day after the date the board issues the order dissolving the
32 district.

33 (d) On the effective date of the dissolution:

34 (1) all of the district's property and other assets are

1 transferred to the corporation;

2 (2) all of the district's debts, liabilities, and
3 other obligations are assumed by the corporation; and

4 (3) the district's certificate of public convenience
5 and necessity and any right obtained under the certificate is
6 assigned to the corporation in the manner prescribed by Section
7 13.251, Water Code. (Acts 75th Leg., R.S., Ch. 516, Sec. 2.)

8 Source Law

9 Sec. 2. (a) A corporation may enter into an
10 agreement with the district to:

11 (1) assume the district's debts,
12 liabilities, and obligations;

13 (2) assume ownership of the district's
14 assets and facilities;

15 (3) accept assignment of the district's
16 certificate of public convenience and necessity
17 obtained under Section 13.246, Water Code, and any
18 right obtained under the certificate after the Texas
19 Natural Resource Conservation Commission determines
20 that the corporation is capable of rendering adequate
21 and continuous service as required by Section 13.251,
22 Water Code; and

23 (4) perform the district's functions and
24 provide all services previously provided by the
25 district.

26 (b) If a corporation enters into an agreement
27 described by Subsection (a) of this section with the
28 district, the board shall issue an order that
29 dissolves the district.

30 (c) The dissolution of the district becomes
31 effective on the 30th day after the date the board
32 issues the order dissolving the district.

33 (d) On the effective date of the dissolution:

34 (1) all property and other assets of the
35 district are transferred to the corporation;

36 (2) all debts, liabilities, and other
37 obligations of the district are assumed by the
38 corporation; and

39 (3) the district's certificate of public
40 convenience and necessity and any right obtained under
41 the certificate is assigned to the corporation in the
42 manner prescribed by Section 13.251, Water Code.

43 Revised Law

44 Sec. 7886.0206. AGREEMENT AND ORDER RELATING TO WATER AND
45 WASTEWATER SERVICE. (a) A corporation may enter into an agreement
46 with the district to:

47 (1) assume the district's debts, liabilities, and
48 obligations relating to water and wastewater service;

49 (2) assume ownership of the district's assets and
50 facilities relating to water and wastewater service;

1 (3) apply to the utility commission to obtain a
2 certificate of public convenience and necessity or an amendment to
3 a certificate under Section 13.244, Water Code, to render water and
4 wastewater service to the area served by the district; and

5 (4) perform the district's functions relating to water
6 and wastewater service and provide all services relating to those
7 services previously provided by the district.

8 (b) If a corporation enters into an agreement described by
9 Subsection (a) and the utility commission grants to the corporation
10 a certificate of public convenience and necessity as described by
11 Subsection (a)(3), the board shall issue an order transferring the
12 district's debts, liabilities, obligations, assets, and facilities
13 relating to water and wastewater service to the corporation.

14 (c) On the 30th day after the date the board issues the order
15 transferring the district's debts, liabilities, obligations,
16 assets, and facilities:

17 (1) all of the district's property and other assets
18 relating to water and wastewater service are transferred to the
19 corporation; and

20 (2) all of the district's debts, liabilities, and
21 other obligations relating to water and wastewater service are
22 assumed by the corporation. (Acts 75th Leg., R.S., Ch. 516, Sec. 3.)

23 Source Law

24 Sec. 3. (a) A corporation may enter into an
25 agreement with the district to:

26 (1) assume the district's debts,
27 liabilities, and obligations relating to water and
28 wastewater service;

29 (2) assume ownership of the district's
30 assets and facilities relating to water and wastewater
31 service;

32 (3) apply to the Texas Natural Resource
33 Conservation Commission to obtain a certificate of
34 public convenience and necessity, or an amendment of a
35 certificate, under Section 13.244, Water Code, to
36 render water and wastewater service to the area served
37 by the district; and

38 (4) perform the district's functions
39 relating to water and wastewater service and provide
40 all services relating to those services previously
41 provided by the district.

42 (b) If a corporation enters into an agreement
43 described by Subsection (a) of this section with the
44 district and the Texas Natural Resource Conservation

1 Commission grants to the corporation a certificate of
2 public convenience and necessity as described by
3 Subdivision (3) of Subsection (a) of this section, the
4 board shall issue an order transferring the district's
5 debts, liabilities, obligations, assets, and
6 facilities relating to water and wastewater service to
7 the corporation.

8 (c) On the 30th day after the date the board
9 issues the order transferring the district's debts,
10 liabilities, obligations, assets, and facilities:

11 (1) all property and other assets of the
12 district relating to water and wastewater service are
13 transferred to the corporation; and

14 (2) all debts, liabilities, and other
15 obligations of the district relating to water and
16 wastewater service are assumed by the corporation.

17 Revised Law

18 Sec. 7886.0207. FILING REQUIREMENT. (a) The board shall
19 file a copy of the agreement described by Section 7886.0205(a) and a
20 copy of the board's order dissolving the district issued under
21 Section 7886.0205(b) not later than the 15th day after the date the
22 board issues the order:

23 (1) with the Texas Commission on Environmental
24 Quality;

25 (2) with the utility commission; and

26 (3) in the deed records of Willacy and Cameron
27 Counties.

28 (b) The board shall file a copy of the agreement described
29 by Section 7886.0206(a) and a copy of the board's order
30 transferring the district's obligations and assets issued under
31 Section 7886.0206(b) not later than the 15th day after the date the
32 board issues the order:

33 (1) with the Texas Commission on Environmental
34 Quality;

35 (2) with the utility commission; and

36 (3) in the deed records of Willacy and Cameron
37 Counties. (Acts 75th Leg., R.S., Ch. 516, Sec. 6.)

38 Source Law

39 Sec. 6. The board shall file a copy of the
40 agreement described by Subsection (a) of Section 2 or
41 Subsection (a) of Section 3 of this Act, as
42 appropriate, and a copy of the board's order dissolving
43 the district issued under Subsection (b) of Section 2
44 of this Act, or a copy of the board's order
45 transferring the district's obligations and assets

1 issued under Subsection (b) of Section 3 of this Act,
2 as appropriate, not later than the 15th day after the
3 date the board issues the dissolution or transfer
4 order:

5 (1) with the Texas Natural Resource
6 Conservation Commission; and

7 (2) in the deed records of Willacy and
8 Cameron counties.

9 Revisor's Note

10 Section 6, Chapter 516, Acts of the 75th
11 Legislature, Regular Session, 1997, refers to the
12 "Texas Natural Resource Conservation Commission." The
13 revised law substitutes a reference to the Texas
14 Commission on Environmental Quality for "Texas Natural
15 Resource Conservation Commission" because Section
16 12.081, Water Code, which applies to the district,
17 grants that agency the continuing right of supervision
18 for water districts.