

1-1 By: Jetton (Senate Sponsor - Creighton) H.B. No. 2816
 1-2 (In the Senate - Received from the House May 15, 2023;
 1-3 May 15, 2023, read first time and referred to Committee on Local
 1-4 Government; May 19, 2023, reported favorably by the following
 1-5 vote: Yeas 8, Nays 0; May 19, 2023, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Bettencourt	X			
1-8 Springer	X			
1-9 Eckhardt	X			
1-10 Gutierrez			X	
1-11 Hall	X			
1-12 Nichols	X			
1-13 Parker	X			
1-14 Paxton	X			
1-15 West	X			

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to notice provided to purchasers of property and
 1-20 information filed with the county clerk by certain special
 1-21 districts.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Section 49.452, Water Code, is amended by
 1-24 amending Subsection (a) and adding Subsections (a-1) and (a-2) to
 1-25 read as follows:

1-26 (a) In this section, "district" means a district:

1-27 (1) governed by Chapter 375, Local Government Code; or

1-28 (2) ~~[(1) Any person who proposes to sell or convey~~
 1-29 ~~real property located in a district]~~ created under this title or by
 1-30 a special Act of the legislature that:

1-31 (A) is providing or proposing to provide, as the
 1-32 district's principal function, water, sanitary sewer, drainage,
 1-33 and flood control or protection facilities or services, or any of
 1-34 these facilities or services that have been financed or are
 1-35 proposed to be financed with bonds of the district payable in whole
 1-36 or part from taxes of the district, or by imposition of a standby
 1-37 fee, if any, to household or commercial users, other than
 1-38 agricultural, irrigation, or industrial users;~~[7]~~ and

1-39 (B) ~~[which district]~~ includes less than all the
 1-40 territory in at least one county and which, if located within the
 1-41 corporate area of a city, includes less than 75 percent of the
 1-42 incorporated area of the city or which is located outside the
 1-43 corporate area of a city in whole or in substantial part~~[, must~~
 1-44 ~~first give to the purchaser the written notice provided in this~~
 1-45 ~~section].~~

1-46 (a-1) A person who proposes to sell or convey real property
 1-47 located in a district must give to the purchaser the written notice
 1-48 as provided by this section and Section 49.4521.

1-49 (a-2) ~~[(2)]~~ The provisions of this section are ~~[shall]~~ not
 1-50 ~~[be]~~ applicable to:

1-51 (1) ~~[(A)]~~ transfers of title under any type of lien
 1-52 foreclosure;

1-53 (2) ~~[(B)]~~ transfers of title by deed in cancellation
 1-54 of indebtedness secured by a lien upon the property conveyed;

1-55 (3) ~~[(C)]~~ transfers of title by reason of a will or
 1-56 probate proceedings; ~~[or]~~

1-57 (4) ~~[(D)]~~ transfers of title to a governmental entity;
 1-58 or

1-59 (5) transfers of title for the purpose of qualifying a
 1-60 director.

1-61 SECTION 2. Subchapter M, Chapter 49, Water Code, is amended

2-1 by adding Section 49.4521 to read as follows:

2-2 Sec. 49.4521. PRESCRIBED NOTICE TO PURCHASERS. (a) A
 2-3 notice to a purchaser provided under Section 49.452 must include:
 2-4 (1) a title caption in at least a 24-point, bold font
 2-5 stating "NOTICE TO PURCHASER OF SPECIAL TAXING OR ASSESSMENT
 2-6 DISTRICT"; and
 2-7 (2) the following statements, as applicable to the
 2-8 district:
 2-9 (A) "The real property that you are about to
 2-10 purchase is located in the (insert name of district) and may be
 2-11 subject to district taxes or assessments.";
 2-12 (B) "The district may, subject to voter approval,
 2-13 impose taxes and issue bonds. The district may impose an unlimited
 2-14 rate of tax in payment of such bonds.";
 2-15 (C) one of the following, as applicable:
 2-16 (i) "The current rate of the district
 2-17 property tax is (insert current property tax rate) on each \$100 of
 2-18 assessed valuation."; or
 2-19 (ii) "The district has not yet imposed
 2-20 taxes. The projected rate of the district property tax is (insert
 2-21 projected property tax rate) on each \$100 of assessed valuation.";
 2-22 (D) "The district may impose assessments and
 2-23 issue bonds and impose an assessment in payment of such bonds.";
 2-24 (E) one of the following, as applicable:
 2-25 (i) "The rate of the district assessment is
 2-26 (insert current assessment amount) on each \$100 of assessed
 2-27 valuation.";
 2-28 (ii) "The amount of the district assessment
 2-29 on the real property that you are about to purchase is (insert
 2-30 current assessment amount)."; or
 2-31 (iii) "The district has not yet imposed an
 2-32 assessment, but the projected (insert "rate" or "amount", as
 2-33 applicable) of the assessment is (insert projected assessment rate
 2-34 or amount, as applicable).";
 2-35 (F) "The total amounts of bonds payable wholly or
 2-36 partly from (insert "property taxes" or "assessments", as
 2-37 applicable) (insert ", excluding refunding bonds that are
 2-38 separately approved by the voters" or ", excluding any bonds or any
 2-39 portions of bonds issued that are payable solely from revenues
 2-40 received or expected to be received under a contract with a
 2-41 governmental entity", as applicable), approved by the voters are:
 2-42 (i) \$(insert amount) for water, sewer, and
 2-43 drainage facilities;
 2-44 (ii) \$(insert amount) for road facilities;
 2-45 (iii) \$(insert amount) for parks and
 2-46 recreational facilities; and
 2-47 (iv) \$(insert amount) for (description of
 2-48 additional facilities, as applicable).";
 2-49 (G) "The aggregate initial principal amounts of
 2-50 all such bonds issued are:
 2-51 (i) \$(insert amount) for water, sewer, and
 2-52 drainage facilities;
 2-53 (ii) \$(insert amount) for road facilities;
 2-54 (iii) \$(insert amount) for parks and
 2-55 recreational facilities; and
 2-56 (iv) \$(insert amount) for (description of
 2-57 additional facilities, as applicable).";
 2-58 (H) "The district sought and obtained approval of
 2-59 the Texas Commission on Environmental Quality to adopt and impose a
 2-60 standby fee. The amount of the standby fee is \$(insert amount of
 2-61 standby fee). An unpaid standby fee is a personal obligation of the
 2-62 person that owned the property at the time of imposition and is
 2-63 secured by a lien on the property. Any person may request a
 2-64 certificate from the district stating the amount, if any, of unpaid
 2-65 standby fees on a tract of property in the district.";
 2-66 (I) if applicable, one of the following:
 2-67 (i) "The district is located wholly or
 2-68 partly in the extraterritorial jurisdiction of the City of (insert
 2-69 name of the municipality). Texas law governs the ability of a

3-1 municipality to annex property in the municipality's
3-2 extraterritorial jurisdiction and whether a district that is
3-3 annexed by the municipality is dissolved."; or
3-4 (ii) "The district is located wholly or
3-5 partly within the corporate boundaries of the City of (insert name
3-6 of the municipality). The municipality and the district overlap,
3-7 but may not provide duplicate services or improvements. Property
3-8 located in the municipality and the district is subject to taxation
3-9 by the municipality and the district.";
3-10 (J) "The district has entered into a strategic
3-11 partnership agreement with the City of (insert name of the
3-12 municipality). This agreement may address the timeframe, process,
3-13 and procedures for the municipal annexation of the area of the
3-14 district located in the municipality's extraterritorial
3-15 jurisdiction.";
3-16 (K) "The purpose of the district is to provide
3-17 (insert water, sewer, drainage, flood control, firefighting, road,
3-18 parks and recreational, or other type of facilities or services, as
3-19 applicable) facilities and services. The cost of district
3-20 facilities is not included in the purchase price of your
3-21 property.";
3-22 (L) "PURCHASER IS ADVISED THAT THE INFORMATION
3-23 SHOWN ON THIS FORM IS SUBJECT TO CHANGE BY THE DISTRICT AT ANY TIME.
3-24 THE DISTRICT ANNUALLY ESTABLISHES TAX RATES. PURCHASER IS ADVISED
3-25 TO CONTACT THE DISTRICT TO DETERMINE THE STATUS OF ANY CURRENT OR
3-26 PROPOSED CHANGES TO THE INFORMATION SHOWN ON THIS FORM."; and
3-27 (M) "The undersigned purchaser hereby
3-28 acknowledges receipt of the foregoing notice at or before the
3-29 execution of a binding contract for the purchase of the real
3-30 property or at closing of purchase of the real property."
3-31 (b) The district shall omit or edit for accuracy statements
3-32 not applicable to the district, as determined by the district.
3-33 (c) The notice must be dated and executed by the seller and
3-34 the purchaser.
3-35 (d) If the law is amended and causes inaccuracies in the
3-36 content of the notice, the district shall revise the content of the
3-37 notice to accurately reflect current law.
3-38 SECTION 3. Section 49.453, Water Code, is amended by adding
3-39 Subsection (e) to read as follows:
3-40 (e) A district required to maintain an Internet website or
3-41 have access to a generally accessible Internet website under
3-42 Section 26.18, Tax Code, shall post or create a process for posting
3-43 the district's notice to purchasers under Section 49.4521 on the
3-44 applicable Internet website.
3-45 SECTION 4. Section 49.455(c), Water Code, is amended to
3-46 read as follows:
3-47 (c) The information form [~~and map or plat~~] required by this
3-48 section shall be signed by a majority of the members of the board
3-49 and by each such officer affirmed and acknowledged before it is
3-50 filed with the county clerk, and each amendment made to an
3-51 information form [~~or map~~] shall also be signed by the members of the
3-52 board and by each such officer affirmed and acknowledged before it
3-53 is filed with the county clerk.
3-54 SECTION 5. Section 3919.205(d), Special District Local Laws
3-55 Code, is amended to read as follows:
3-56 (d) The district shall generate and implement a program to
3-57 provide notice modeled on the notice described by Section 49.4521
3-58 [~~49.452(c)~~], Water Code, to a prospective purchaser of property in
3-59 the district of the assessments that have been approved and are
3-60 imposed by the district.
3-61 SECTION 6. The following provisions of the Water Code are
3-62 repealed:
3-63 (1) Sections 49.452(b), (c), (d), and (e); and
3-64 (2) Sections 49.455(f) and (h).
3-65 SECTION 7. (a) Section 49.452, Water Code, as amended by
3-66 this Act, and Section 49.4521, Water Code, as added by this Act,
3-67 apply only to notice given to a purchaser of real property within a
3-68 water district on or after the effective date of this Act. Notice
3-69 given to a purchaser before the effective date is governed by the

4-1 law in effect at the time the notice was given, and that law is
4-2 continued in effect for that purpose.

4-3 (b) Section 49.455, Water Code, as amended by this Act,
4-4 applies only to an information form filed on or after the effective
4-5 date of this Act. An information form filed before the effective
4-6 date of this Act is governed by the law in effect on the date the
4-7 form was filed, and that law is continued in effect for that
4-8 purpose.

4-9 SECTION 8. This Act takes effect September 1, 2023.

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