

## BILL ANALYSIS

Senate Research Center

S.B. 542  
By: Lindsay  
Natural Resources  
7/14/2003  
Enrolled

### DIGEST AND PURPOSE

Currently, there is no specific authorization for a water district to de-annex property in the event that it does not have enough capacity for development, and the taxpayers of the district do not want to undertake a new bond issue to add improvements. The last few landowners are left with land that cannot be used without access to utilities and have no alternative method to obtain utilities. S.B. 542 directs a district that does not wish to provide utilities for development of land in its district to de annex land upon application by the landowner and addressing taxation of excluded land.

### 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 Subchapter J, Chapter 49, Water Code, by adding Sections 49.3075, 49.3076, and 49.3076, as follows:

Sec. 49.3075. EXCLUSION FOR FAILURE TO PROVIDE SUFFICIENT SERVICES; NO OUTSTANDING BONDS. (a) Requires the governing body of the district (board) to call a hearing on the exclusion of land from a district on a written petition filed with the secretary of the board by a landowner whose land has been included in and taxable by the district for more than 20 years if any bonds issued by the district payable in whole or in part from taxes of the district are no longer outstanding and the petition includes or describes certain entities.

(b) Requires the board to hold the hearing at the earliest practicable time after receipt of the petition.

(c) Requires the board, unless the district presents evidence at the hearing that conclusively demonstrates that the requirements and grounds for exclusion described by Subsection (a) have not been met, to enter an order excluding the land from the district and to redefine in the order the boundaries of the district to embrace all land not excluded.

(d) Requires a copy of an order excluding land and redefining boundaries of the district to be filed in the deed records of the county or counties in which the district is located.

(e) Provides that this section does not apply to irrigation districts governed by the Chapter 58 (Irrigation Districts).

Sec. 49.3076. EXCLUSION FOR FAILURE TO PROVIDE SUFFICIENT SERVICES; BONDS OUTSTANDING. (a) Requires the board of a district that has a total area of more than 5,000 acres to call a hearing on the exclusion of land from the district on a written petition filed with the secretary of the board by a landowner whose land has been included in and taxable by the district for more than 28 years if any bonds issued by the district payable in whole or in part from taxes of the district are outstanding and the

petition meets certain criteria.

(b) Authorizes the board of a district to exclude land under this section under certain circumstances.

(c) Requires the board, unless the district presents evidence at the hearing that conclusively demonstrates that the requirements and grounds for exclusion described by Subsections (a) and (b) have not been met, to enter an order excluding the land from the district and to redefine in the order the boundaries of the district to embrace all land not excluded.

(d) Requires a copy of an order excluding land and redefining the boundaries of the district to be filed in the deed records of each county in which the district is located.

(e) Provides that the exclusion of land under this section does not impair the rights of holders of any outstanding bonds, warrants, or other certificates of indebtedness of the district.

(f) Authorizes the district, after any land is excluded under this section, to issue any unissued additional debt approved by the voters of the district before exclusion of the land under this section without holding a new election. Prohibits additional debt issued after land is excluded from the district from being payable from and does not create a lien against the taxable value of the excluded land.

(g) Provides that this section does not apply to irrigation districts governed by Chapter 58 (Irrigation Districts).

(h) Defines "land" for purposes of this section and Section 49.3077.

**Sec. 49.3077. TAX LIABILITY OF EXCLUDED LAND; BONDS OUTSTANDING.**

(a) Provides that land excluded from a district under Section 49.3076 that is pledged as security for any outstanding debt of the district remains pledged for its pro rata share of the debt until final payment is made. Requires the district to continue to levy and collect taxes on the excluded land at the same rate levied on land remaining in the district until the amount of taxes collected from the excluded land equals the land's pro rata share of the district's debt outstanding at the time the land was excluded from the district.

(b) Requires the district to apply the taxes collected on the excluded land only to the payment of the excluded land's pro rata share of the debt.

(c) Authorizes the owner of any part of the excluded land to pay in full the owner's share of the pro rata share of the district's debt outstanding at the time the land is excluded.

**SECTION 2.** Effective date: upon passage or September 1, 2003.