

By: Solomons

H.B. No. 2775

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the creation, division, or conversion of, or purchaser
3 notice about, certain kinds of water districts.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Sections 49.452(b), (c), and (d), Water Code,
6 are amended to read as follows:

7 (b) The prescribed notice for districts located in whole or
8 in part in the extraterritorial jurisdiction of one or more
9 home-rule municipalities and not located within the corporate
10 boundaries of a municipality shall be executed by the seller and
11 shall read as follows:

12 "The real property, described below, that you are about to
13 purchase is located in the _____ District. The district is a
14 governmental agency and a political subdivision of this state. The
15 district is governed by a board of directors. The district may be
16 contacted at the following address and telephone number:

17 _____(Address)

18 _____(Telephone Number)

19 "The district has taxing authority separate from any other
20 taxing authority and may, subject to voter approval, issue an
21 unlimited amount of bonds and levy an unlimited rate of tax in
22 payment of such bonds. As of this date, the rate of taxes levied by
23 the district on real property located in the district is
24 \$_____ on each \$100 of assessed valuation. If the district has

1 not yet levied taxes, the most recent projected rate of tax, as of
2 this date, is \$_____ on each \$100 of assessed valuation. The
3 total amount of bonds, excluding refunding bonds and any bonds or
4 any portion of bonds issued that are payable solely from revenues
5 received or expected to be received under a contract with a
6 governmental entity, approved by the voters and which have been or
7 may, at this date, be issued is \$_____, and the aggregate
8 initial principal amounts of all bonds issued for one or more of the
9 specified facilities of the district and payable in whole or in part
10 from property taxes is \$_____.

11 "The district has the authority to adopt and impose a standby
12 fee on property in the district that has water, sanitary sewer, or
13 drainage facilities and services available but not connected and
14 which does not have a house, building, or other improvement located
15 thereon and does not substantially utilize the utility capacity
16 available to the property. The district may exercise the authority
17 without holding an election on the matter. As of this date, the
18 most recent amount of the standby fee is \$_____. An unpaid
19 standby fee is a personal obligation of the person that owned the
20 property at the time of imposition and is secured by a lien on the
21 property. Any person may request a certificate from the district
22 stating the amount, if any, of unpaid standby fees on a tract of
23 property in the district.

24 "The district is located in whole or in part in the
25 extraterritorial jurisdiction of the City of _____. By law, a
26 district located in the extraterritorial jurisdiction of a
27 municipality may be annexed without the consent of the district or

1 the voters of the district. When a district is annexed, the
2 district is dissolved.

3 "The purpose of this district is to provide water, sewer,
4 drainage, or flood control facilities and services within the
5 district through the issuance of bonds payable in whole or in part
6 from property taxes. The cost of these utility facilities is not
7 included in the purchase price of your property, and these utility
8 facilities are owned or to be owned by the district. The legal
9 description of the property you are acquiring is as follows:

10 -----

11 _____(Date)

12 _____
13 Signature of Seller

14 PURCHASER IS ADVISED THAT THE INFORMATION SHOWN ON THIS FORM
15 IS SUBJECT TO CHANGE BY THE DISTRICT AT ANY TIME. THE DISTRICT
16 ROUTINELY ESTABLISHES TAX RATES DURING THE MONTHS OF SEPTEMBER
17 THROUGH DECEMBER OF EACH YEAR, EFFECTIVE FOR THE YEAR IN WHICH THE
18 TAX RATES ARE APPROVED BY THE DISTRICT. PURCHASER IS ADVISED TO
19 CONTACT THE DISTRICT TO DETERMINE THE STATUS OF ANY CURRENT OR
20 PROPOSED CHANGES TO THE INFORMATION SHOWN ON THIS FORM.

21 "The undersigned purchaser hereby acknowledges receipt of
22 the foregoing notice at or prior to execution of a binding contract
23 for the purchase of the real property described in such notice or at
24 closing of purchase of the real property.

25 -----

26 _____(Date)

27 _____
28 Signature of Purchaser

1 "(Note: Correct district name, contact information, tax
2 rate, bond amounts, and legal description are to be placed in the
3 appropriate space.) Except for notices included as an addendum or
4 paragraph of a purchase contract, the notice shall be executed by
5 the seller and purchaser, as indicated. If the district does not
6 propose to provide one or more of the specified facilities and
7 services, the appropriate purpose may be eliminated. If the
8 district has not yet levied taxes, a statement of the district's
9 most recent projected rate of tax is to be placed in the appropriate
10 space. If the district does not have approval from the commission
11 to adopt and impose a standby fee, the second paragraph of the
12 notice may be deleted. For the purposes of the notice form required
13 to be given to the prospective purchaser prior to execution of a
14 binding contract of sale and purchase, a seller and any agent,
15 representative, or person acting on the seller's behalf may modify
16 the notice by substitution of the words 'January 1, ___' for the
17 words 'this date' and place the correct calendar year in the
18 appropriate space."

19 (c) The prescribed notice for districts located in whole or
20 in part within the corporate boundaries of a municipality shall be
21 executed by the seller and shall read as follows:

22 "The real property, described below, that you are about to
23 purchase is located in the _____ District. The district is a
24 governmental agency and a political subdivision of this state. The
25 district is governed by a board of directors. The district may be
26 contacted at the following address and telephone number:

27 (Address)

1 (Telephone Number)

2 "The district has taxing authority separate from any other
3 taxing authority and may, subject to voter approval, issue an
4 unlimited amount of bonds and levy an unlimited rate of tax in
5 payment of such bonds. As of this date, the rate of taxes levied by
6 the district on real property located in the district is
7 \$_____ on each \$100 of assessed valuation. If the district has
8 not yet levied taxes, the most recent projected rate of tax, as of
9 this date, is \$_____ on each \$100 of assessed valuation. The
10 total amount of bonds, excluding refunding bonds and any bonds or
11 any portion of bonds issued that are payable solely from revenues
12 received or expected to be received under a contract with a
13 governmental entity, approved by the voters and which have been or
14 may, at this date, be issued is \$_____, and the aggregate
15 initial principal amounts of all bonds issued for one or more of the
16 specified facilities of the district and payable in whole or in part
17 from property taxes is \$_____.

18 "The district has the authority to adopt and impose a standby
19 fee on property in the district that has water, sanitary sewer, or
20 drainage facilities and services available but not connected and
21 which does not have a house, building, or other improvement located
22 thereon and does not substantially utilize the utility capacity
23 available to the property. The district may exercise the authority
24 without holding an election on the matter. As of this date, the
25 most recent amount of the standby fee is \$_____. An unpaid
26 standby fee is a personal obligation of the person that owned the
27 property at the time of imposition and is secured by a lien on the

1 property. Any person may request a certificate from the district
2 stating the amount, if any, of unpaid standby fees on a tract of
3 property in the district.

4 "The district is located in whole or in part within the
5 corporate boundaries of the City of _____. The taxpayers of
6 the district are subject to the taxes imposed by the municipality
7 and by the district until the district is dissolved. By law, a
8 district located within the corporate boundaries of a municipality
9 may be dissolved by municipal ordinance without the consent of the
10 district or the voters of the district.

11 "The purpose of this district is to provide water, sewer,
12 drainage, or flood control facilities and services within the
13 district through the issuance of bonds payable in whole or in part
14 from property taxes. The cost of these utility facilities is not
15 included in the purchase price of your property, and these utility
16 facilities are owned or to be owned by the district. The legal
17 description of the property you are acquiring is as follows:

18 -----

19 _____(Date)

20 _____
21 Signature of Seller

22 PURCHASER IS ADVISED THAT THE INFORMATION SHOWN ON THIS FORM
23 IS SUBJECT TO CHANGE BY THE DISTRICT AT ANY TIME. THE DISTRICT
24 ROUTINELY ESTABLISHES TAX RATES DURING THE MONTHS OF SEPTEMBER
25 THROUGH DECEMBER OF EACH YEAR, EFFECTIVE FOR THE YEAR IN WHICH THE
26 TAX RATES ARE APPROVED BY THE DISTRICT. PURCHASER IS ADVISED TO
27 CONTACT THE DISTRICT TO DETERMINE THE STATUS OF ANY CURRENT OR

1 PROPOSED CHANGES TO THE INFORMATION SHOWN ON THIS FORM.

2 "The undersigned purchaser hereby acknowledges receipt of
3 the foregoing notice at or prior to execution of a binding contract
4 for the purchase of the real property described in such notice or at
5 closing of purchase of the real property.

6 -----
7 _____(Date)

8 _____
9 Signature of Purchaser

10 "(Note: Correct district name, contact information, tax
11 rate, bond amounts, and legal description are to be placed in the
12 appropriate space.) Except for notices included as an addendum or
13 paragraph of a purchase contract, the notice shall be executed by
14 the seller and purchaser, as indicated. If the district does not
15 propose to provide one or more of the specified facilities and
16 services, the appropriate purpose may be eliminated. If the
17 district has not yet levied taxes, a statement of the district's
18 most recent projected rate of tax is to be placed in the appropriate
19 space. If the district does not have approval from the commission
20 to adopt and impose a standby fee, the second paragraph of the
21 notice may be deleted. For the purposes of the notice form required
22 to be given to the prospective purchaser prior to execution of a
23 binding contract of sale and purchase, a seller and any agent,
24 representative, or person acting on the seller's behalf may modify
25 the notice by substitution of the words 'January 1, _____' for
26 the words 'this date' and place the correct calendar year in the
27 appropriate space."

1 (d) The prescribed notice for districts that are not located
2 in whole or in part within the corporate boundaries of a
3 municipality or the extraterritorial jurisdiction of one or more
4 home-rule municipalities shall be executed by the seller and shall
5 read as follows:

6 "The real property, described below, that you are about to
7 purchase is located in the _____ District. The district is a
8 governmental agency and a political subdivision of this state. The
9 district is governed by a board of directors. The district may be
10 contacted at the following address and telephone number:

11 _____(Address)

12 _____(Telephone Number)

13 "The district has taxing authority separate from any other
14 taxing authority and may, subject to voter approval, issue an
15 unlimited amount of bonds and levy an unlimited rate of tax in
16 payment of such bonds. As of this date, the rate of taxes levied by
17 the district on real property located in the district is
18 \$_____ on each \$100 of assessed valuation. If the district has
19 not yet levied taxes, the most recent projected rate of tax, as of
20 this date, is \$_____ on each \$100 of assessed valuation. The
21 total amount of bonds, excluding refunding bonds and any bonds or
22 any portion of bonds issued that are payable solely from revenues
23 received or expected to be received under a contract with a
24 governmental entity, approved by the voters and which have been or
25 may, at this date, be issued is \$_____, and the aggregate
26 initial principal amounts of all bonds issued for one or more of the
27 specified facilities of the district and payable in whole or in part

1 from property taxes is \$_____.

2 "The district has the authority to adopt and impose a standby
3 fee on property in the district that has water, sanitary sewer, or
4 drainage facilities and services available but not connected and
5 which does not have a house, building, or other improvement located
6 thereon and does not substantially utilize the utility capacity
7 available to the property. The district may exercise the authority
8 without holding an election on the matter. As of this date, the
9 most recent amount of the standby fee is \$_____. An unpaid
10 standby fee is a personal obligation of the person that owned the
11 property at the time of imposition and is secured by a lien on the
12 property. Any person may request a certificate from the district
13 stating the amount, if any, of unpaid standby fees on a tract of
14 property in the district.

15 "The purpose of this district is to provide water, sewer,
16 drainage, or flood control facilities and services within the
17 district through the issuance of bonds payable in whole or in part
18 from property taxes. The cost of these utility facilities is not
19 included in the purchase price of your property, and these utility
20 facilities are owned or to be owned by the district. The legal
21 description of the property you are acquiring is as follows:

22 -----

23 _____(Date)

24 _____
25 Signature of Seller

26 PURCHASER IS ADVISED THAT THE INFORMATION SHOWN ON THIS FORM
27 IS SUBJECT TO CHANGE BY THE DISTRICT AT ANY TIME. THE DISTRICT

1 ROUTINELY ESTABLISHES TAX RATES DURING THE MONTHS OF SEPTEMBER
2 THROUGH DECEMBER OF EACH YEAR, EFFECTIVE FOR THE YEAR IN WHICH THE
3 TAX RATES ARE APPROVED BY THE DISTRICT. PURCHASER IS ADVISED TO
4 CONTACT THE DISTRICT TO DETERMINE THE STATUS OF ANY CURRENT OR
5 PROPOSED CHANGES TO THE INFORMATION SHOWN ON THIS FORM.

6 "The undersigned purchaser hereby acknowledges receipt of
7 the foregoing notice at or prior to execution of a binding contract
8 for the purchase of the real property described in such notice or at
9 closing of purchase of the real property.

10 -----
11 _____(Date)

12 _____
13 Signature of Purchaser

14 "(Note: Correct district name, contact information, tax
15 rate, bond amounts, and legal description are to be placed in the
16 appropriate space.) Except for notices included as an addendum or
17 paragraph of a purchase contract, the notice shall be executed by
18 the seller and purchaser, as indicated. If the district does not
19 propose to provide one or more of the specified facilities and
20 services, the appropriate purpose may be eliminated. If the
21 district has not yet levied taxes, a statement of the district's
22 most recent projected rate of tax is to be placed in the appropriate
23 space. If the district does not have approval from the commission
24 to adopt and impose a standby fee, the second paragraph of the
25 notice may be deleted. For the purposes of the notice form required
26 to be given to the prospective purchaser prior to execution of a
27 binding contract of sale and purchase, a seller and any agent,

1 representative, or person acting on the seller's behalf may modify
2 the notice by substitution of the words 'January 1, _____' for the
3 words 'this date' and place the correct calendar year in the
4 appropriate space."

5 SECTION 2. Section 51.021, Water Code, is amended by adding
6 Subsection (d) to read as follows:

7 (d) If the commissioners court or the commission grants the
8 petition requesting the creation of a district, within 15 days
9 after the date of the order the commissioners court or the
10 commission, as appropriate, shall file with the county clerk, for
11 filing in the county deed records of each county in which a part of
12 the district is located, the order creating the district. The
13 filing must explain that the order creating the district must be
14 confirmed and ratified by an election.

15 SECTION 3. Section 51.032(b), Water Code, is amended to
16 read as follows:

17 (b) A certified copy of the order of the commission granting
18 a petition and naming the directors shall be filed within 15 days
19 after the date of the order in the office of the county clerk for
20 filing in the county deed records of each county in which a portion
21 of the district is located. The filing must explain that the order
22 creating the district must be confirmed and ratified by an
23 election.

24 SECTION 4. Section 51.040, Water Code, is amended by
25 amending Subsection (b) and adding Subsection (c) to read as
26 follows:

27 (b) The governing body of a district which desires to

1 convert into a district operating under this chapter shall adopt
2 and enter in the minutes of the governing body a resolution
3 declaring that, in its judgment, conversion into a water control
4 and improvement district operating under this chapter and under
5 Article XVI, Section 59, of the Texas Constitution, would serve the
6 best interest of the district and would be a benefit to the land and
7 property included in the district. The resolution shall contain a
8 list of the powers the district desires to retain after conversion
9 and shall also request:

10 (1) the commissioners court to hold a hearing on the
11 conversion of the district if the district is located entirely
12 within one county; or

13 (2) the commission to hold a hearing on the conversion
14 of the district if the district includes land in more than one
15 county.

16 (c) The district shall file a copy of the resolution with
17 the commissioners court or the commission, as applicable.

18 SECTION 5. Subchapter B, Chapter 51, Water Code, is amended
19 by adding Section 51.0402 to read as follows:

20 Sec. 51.0402. SETTING OF DATE, TIME, AND PLACE OF
21 CONVERSION HEARING. Promptly after the resolution requesting
22 conversion is filed, the commissioners court or the commission, as
23 applicable, or a person authorized by the commissioners court or
24 the commission, as applicable, shall set a date, time, and place for
25 a hearing on the conversion.

26 SECTION 6. Section 51.041(a), Water Code, is amended to
27 read as follows:

1 (a) Notice of the conversion hearing [~~adoption of a~~
2 ~~resolution under Section 51.040 of this code~~] shall be given by
3 publishing notice [~~the resolution~~] in a newspaper with general
4 circulation in the county or counties in which the district is
5 located.

6 SECTION 7. Section 51.042, Water Code, is amended to read as
7 follows:

8 Sec. 51.042. CONVERSION OF DISTRICT; FINDINGS. (a) If, on
9 a hearing, the commissioners court or the commission, as
10 applicable, [~~governing body of the district~~] finds that conversion
11 of the district into one operating under this chapter would serve
12 the best interest of the district and would be a benefit to the land
13 and property included in the district, it shall enter an order
14 making this finding and include in the order a list of the powers to
15 be retained by the district after conversion that the commissioners
16 court or the commission, as applicable, approves. The order shall
17 also provide that conversion is not final unless the voters, in the
18 election provided by Section 51.0422, confirm the conversion of the
19 district [~~and the district shall become a district operating under~~
20 ~~this chapter~~].

21 (b) If the commissioners court or the commission, as
22 applicable, [~~governing body~~] finds that the conversion of the
23 district would not serve the best interest of the district and would
24 not be a benefit to the land and property included in the district,
25 it shall enter an order against conversion of the district into one
26 operating under this chapter.

27 (c) The findings of the commissioners court or the

1 commission, as applicable, [~~governing body of a district~~] entered
2 under this section are [~~final and not~~] subject to appeal or review
3 not later than the 30th day after the date the order approving or
4 denying the conversion is entered under this section.

5 SECTION 8. Subchapter B, Chapter 51, Water Code, is amended
6 by adding Section 51.0422 to read as follows:

7 Sec. 51.0422. CONVERSION ELECTION. (a) If the
8 commissioners court or the commission, as applicable, finds in
9 favor of the conversion of the district, the governing body of the
10 district shall order an election to be held in the district to
11 confirm the conversion of the district.

12 (b) A conversion election may be held on the same day as any
13 other district election.

14 (c) Notice of a conversion election shall state the day and
15 each place for holding the election and the proposition to be voted
16 on.

17 (d) The ballots for a conversion election shall be printed
18 to provide for voting for or against the proposition: "The
19 conversion of the _____ (name of the district) into a district
20 operating as a water control and improvement district."

21 (e) Immediately after the conversion election, the
22 presiding judge of each polling place shall deliver the returns of
23 the election to the governing body of the district. The governing
24 body shall canvass the returns and declare the results at the
25 earliest practicable time.

26 (f) If a majority of the votes cast in the election favor the
27 conversion of the district, the governing body of the district

1 shall declare that the district is converted into a district
2 operating under this chapter and enter the results in its minutes.
3 If a majority of the votes cast in the election are against the
4 conversion of the district, the governing body of the district
5 shall declare that the conversion of the district was defeated and
6 enter the results in its minutes.

7 (g) The governing body of the district shall file a copy of
8 the order canvassing the results of the conversion election:

9 (1) with the commissioners court or the commission, as
10 applicable; and

11 (2) if the voters confirm the conversion of the
12 district, in the deed records of each county in which the district
13 is located.

14 SECTION 9. Sections 51.044(a) and (b), Water Code, are
15 amended to read as follows:

16 (a) As provided by Subsection (b), any ~~[Any]~~ water
17 improvement district, water control and preservation district,
18 fresh water supply district, levee improvement district, drainage
19 district, or navigation district, after an election ~~[conversion]~~
20 under Section 51.0422 confirming the conversion of the district
21 ~~[51.040 of this code]~~, may continue to exercise all necessary
22 specific powers under any specific conditions provided by the
23 chapter of this code under which the district was operating before
24 conversion.

25 (b) At the time of making the order of conversion, the
26 commissioners court or the commission, as applicable, ~~[governing~~
27 ~~body]~~ shall specify in the order the specific provisions of the

1 chapter of the code under which the district had been operating that
2 have been approved and ~~[which]~~ are to be preserved and made
3 applicable to the operations of the district after conversion into
4 a district operating under this chapter.

5 SECTION 10. The heading to Section 51.749, Water Code, is
6 amended to read as follows:

7 Sec. 51.749. APPROVAL OF ~~[ELECTION TO APPROVE]~~ DIVISION.

8 SECTION 11. Section 51.749, Water Code, is amended by
9 amending Subsection (a) and adding Subsection (d) to read as
10 follows:

11 (a) After the board of the original district has agreed on
12 the terms and conditions of division, which shall include a plan for
13 the payment of any outstanding current obligations and performance
14 of any outstanding obligations of the original district, and has
15 prepared a metes and bounds description of the proposed districts,
16 the board shall submit a proposal for division to the entity that
17 issued the order creating the district for approval. If the
18 district was created by an act of the legislature, the board shall
19 submit a proposal for division to the commission.

20 (a-1) If the entity that issued the order creating the
21 district or the commission approves the division of the district,
22 the board ~~[it]~~ shall order an election to be held in the district to
23 determine whether the original district should be divided as
24 proposed.

25 (d) If the division of the original district is approved by
26 a majority of the qualified voters of the district voting in the
27 election, within 15 days after the date of the election the board of

1 the original district shall file with the county clerk, for filing
2 in the county deed records of each county in which a part of the
3 district is located, an order declaring the results of the election
4 and dividing the original district.

5 SECTION 12. Section 53.016, Water Code, is amended to read
6 as follows:

7 Sec. 53.016. TIME AND PLACE OF HEARING. The commissioners
8 court or county judge shall [~~immediately~~] set a time and place for a
9 hearing on the petition by the commissioners court. The hearing
10 must be held during the period beginning on the 15th day and ending
11 with the 30th day after the day the petition is presented.

12 SECTION 13. Section 53.019(a), Water Code, is amended to
13 read as follows:

14 (a) At the hearing on the petition, any person whose land is
15 included in or would be affected by the creation of the district may
16 appear and contest the creation of the district and may offer
17 testimony to show that the district:

18 (1) is or is not necessary;

19 (2) would or would not be a public utility or benefit
20 to land in the district; and

21 (3) would or would not be feasible or practicable.

22 [~~The commissioners court shall have jurisdiction to determine all~~
23 ~~issues pertaining to the sufficiency of the petition and shall~~
24 ~~allow any interested person to appear before it in person or by~~
25 ~~attorney to offer testimony relative to the sufficiency of the~~
26 ~~petition.]~~

27 SECTION 14. Subchapter B, Chapter 53, Water Code, is

1 amended by adding Section 53.0195 to read as follows:

2 Sec. 53.0195. GRANTING OR REFUSING PETITION. (a) The
3 commissioners court shall grant the petition requesting the
4 creation of a district if it appears at the hearing that:

5 (1) organization of the district as requested is
6 feasible and practicable;

7 (2) the land to be included and the residents of the
8 proposed district will be benefited by the creation of the
9 district;

10 (3) there is a public necessity or need for the
11 district; and

12 (4) the creation of the district would further the
13 public welfare.

14 (b) If the commissioners court fails to make the findings
15 required by Subsection (a), it shall refuse to grant the petition.

16 (c) If the commissioners court finds that any of the land
17 sought to be included in the proposed district will not be benefited
18 by inclusion in the district, it may exclude those lands not to be
19 benefited and shall redefine the boundaries of the proposed
20 district to include only the land that will receive benefits from
21 the district.

22 SECTION 15. Subchapter B, Chapter 53, Water Code, is
23 amended by adding Section 53.0196 to read as follows:

24 Sec. 53.0196. FILING OF ORDER. If the commissioners court
25 grants a petition requesting the creation of a district, within 15
26 days after the date of the order the commissioners court shall file
27 with the county clerk, for filing in the county deed records of each

1 county in which a part of the district is located, the order
2 creating the district. The filing must explain that the order
3 creating the district must be confirmed and ratified by an
4 election.

5 SECTION 16. Section 53.029(b), Water Code, is amended to
6 read as follows:

7 (b) A district covered by this section may be divided into
8 two new districts if:

9 (1) it has no outstanding bonded debt; ~~and~~

10 (2) it is not levying ad valorem taxes; and

11 (3) the division is approved by the entity that issued
12 the order creating the district or, if the district was created by
13 an act of the legislature, by the Texas Commission on Environmental
14 Quality.

15 (b-1) The division procedure is prescribed by Sections
16 53.030 to 53.041 of this code.

17 SECTION 17. Section 53.040, Water Code, is amended to read
18 as follows:

19 Sec. 53.040. ELECTED SUPERVISORS TAKE OFFICE. If the
20 election results in a division of the district, the five candidates
21 receiving the most votes in each new district shall be declared
22 elected. They shall immediately qualify in accordance with Section
23 49.055. The newly elected supervisors in each new district shall
24 immediately file with the county clerk, for filing in the county
25 deed records of each county in which a part of the district is
26 located, an order declaring the results of the election and
27 dividing the original district.

1 SECTION 18. Chapter 53, Water Code, is amended by adding
2 Subchapter G to read as follows:

3 SUBCHAPTER G. CONVERSION OF DISTRICTS

4 Sec. 53.231. CONVERSION OF CERTAIN DISTRICTS INTO DISTRICTS
5 OPERATING UNDER THIS CHAPTER. (a) Any water control and
6 improvement district created under Section 52, Article III, or
7 Section 59, Article XVI, Texas Constitution, may be converted to a
8 district operating under this chapter.

9 (b) The governing body of a district that desires to convert
10 into a district operating under this chapter shall adopt and enter
11 in the minutes of the governing body a resolution declaring that, in
12 its judgment, conversion into a fresh water supply district
13 operating under this chapter and under Section 59, Article XVI,
14 Texas Constitution, would serve the best interest of the district
15 and would be a benefit to the land and property included in the
16 district. The resolution shall also request:

17 (1) the commissioners court to hold a hearing on the
18 conversion of the district if the district is located entirely
19 within one county; or

20 (2) the commission to hold a hearing on the conversion
21 of the district if the district includes land in more than one
22 county.

23 (c) The district shall file a copy of the resolution with
24 the commissioners court or the commission, as applicable.

25 Sec. 53.232. SETTING OF DATE, TIME, AND PLACE OF CONVERSION
26 HEARING. Promptly after the resolution requesting conversion is
27 filed, the commissioners court or the commission, as applicable, or

1 a person authorized by the commissioners court or the commission,
2 as applicable, shall set a date, time, and place for a hearing on
3 the conversion.

4 Sec. 53.233. CONVERSION OF DISTRICT; NOTICE. (a) Notice of
5 the conversion hearing shall be given by publishing notice in a
6 newspaper with general circulation in the county or counties in
7 which the district is located.

8 (b) The notice shall be published once a week for two
9 consecutive weeks with the first publication not less than 14 full
10 days before the time set for a hearing.

11 (c) The notice shall:

12 (1) state the time and place of the hearing;

13 (2) set out the resolution in full; and

14 (3) notify all interested persons to appear and offer
15 testimony for or against the proposal contained in the resolution.

16 Sec. 53.234. CONVERSION OF DISTRICT; FINDINGS. (a) If, on
17 a hearing, the commissioners court or the commission, as
18 applicable, finds that conversion of the district into one
19 operating under this chapter would serve the best interest of the
20 district and would be a benefit to the land and property included in
21 the district, it shall enter an order making this finding but
22 providing that conversion is not final unless the voters, in the
23 election provided by Section 53.235, confirm the conversion of the
24 district.

25 (b) If the commissioners court or the commission, as
26 applicable, finds that the conversion of the district would not
27 serve the best interest of the district and would not be a benefit

1 to the land and property included in the district, it shall enter an
2 order against conversion of the district into one operating under
3 this chapter.

4 (c) The findings of the commissioners court or the
5 commission, as applicable, entered under this section are subject
6 to appeal or review not later than the 30th day after the date the
7 order approving or denying the conversion is entered under this
8 section.

9 Sec. 53.235. CONVERSION ELECTION. (a) If the
10 commissioners court or the commission, as applicable, finds in
11 favor of the conversion of the district, the governing body of the
12 district shall order an election to be held in the district to
13 confirm the conversion of the district.

14 (b) A conversion election may be held on the same day as any
15 other district election.

16 (c) Notice of a conversion election shall state the day and
17 each place for holding the election and the proposition to be voted
18 on.

19 (d) The ballots for a conversion election shall be printed
20 to provide for voting for or against the proposition: "The
21 conversion of the _____ (name of the district) into a district
22 operating as a fresh water supply district."

23 (e) Immediately after the conversion election, the
24 presiding judge of each polling place shall deliver the returns of
25 the election to the governing body of the district. The governing
26 body shall canvass the returns and declare the results at the
27 earliest practicable time.

1 (f) If a majority of the votes cast in the election favor the
2 conversion of the district, the governing body of the district
3 shall declare that the district is converted into a district
4 operating under this chapter and enter the results in its minutes.
5 If a majority of the votes cast in the election are against the
6 conversion of the district, the governing body of the district
7 shall declare that the conversion of the district was defeated and
8 enter the results in its minutes.

9 (g) The governing body of the district shall file a copy of
10 the order canvassing the results of the conversion election:

11 (1) with the commissioners court or the commission, as
12 applicable; and

13 (2) if the voters confirm the conversion of the
14 district, in the deed records of each county in which the district
15 is located.

16 Sec. 53.236. EFFECT OF CONVERSION. A district that
17 converts into a district operating under this chapter shall:

18 (1) be constituted a fresh water supply district
19 operating under and governed by this chapter;

20 (2) be a conservation and reclamation district under
21 Section 59, Article XVI, Texas Constitution; and

22 (3) have and may exercise all the powers, authority,
23 functions, and privileges provided in this chapter in the same
24 manner and to the same extent as if the district had been created
25 under this chapter.

26 SECTION 19. Section 54.021, Water Code, is amended by
27 adding Subsection (f) to read as follows:

1 (f) If the commission grants the petition requesting the
2 creation of a district, within 15 days after the date of the order
3 the commission shall file with the county clerk, for filing in the
4 county deed records of each county in which a part of the district
5 is located, the order creating the district. The filing must
6 explain that the order creating the district must be confirmed and
7 ratified by an election.

8 SECTION 20. Section 51.045, Water Code, is repealed.

9 SECTION 21. (a) Sections 49.452(b), (c), and (d), Water
10 Code, as amended by this Act, apply only to notice given to a
11 purchaser of real property within a water district on or after the
12 effective date of this Act. Notice given to a purchaser before the
13 effective date of this Act is governed by the law in effect at the
14 time the notice was given, and the former law is continued in effect
15 for that purpose.

16 (b) If before September 1, 2003, the Texas Commission on
17 Environmental Quality, a county commissioners court, or the
18 governing body of a district by order has granted a petition for or
19 authorized the creation or division of a water control and
20 improvement district, fresh water supply district, or municipal
21 utility district, as applicable, subject to a confirmation
22 election, and the election has not been held before that date, the
23 commission, commissioners court, or governing body, as
24 appropriate, not later than September 16, 2003, shall comply with
25 the filing requirements of Sections 51.021(d), 53.0196, and
26 54.021(f), Water Code, as added by this Act, and Section 51.032(b),
27 Water Code, as amended by this Act.

1 (c) Sections 51.040(b), 51.041(a), 51.042, and 51.044(a)
2 and (b), Water Code, as amended by this Act, and Sections 51.040(c),
3 51.0402, and 51.0422, and Subchapter G, Chapter 53, Water Code, as
4 added by this Act, apply only to the conversion of a district to one
5 operating as a water control and improvement district or a fresh
6 water supply district for which the governing body of the district
7 adopts a resolution on or after the effective date of this Act
8 proposing conversion of the district. If before the effective date
9 of this Act the governing body of a district adopts a resolution
10 proposing conversion of the district to one operating as a water
11 control and improvement district or a fresh water supply district,
12 the conversion of the district is governed by the law as it existed
13 immediately before the effective date of this Act, and that law is
14 continued in effect for that purpose.

15 (d) Sections 51.749(a) and 53.029(b), Water Code, as
16 amended by this Act, apply only to the division of a water control
17 and improvement district or freshwater supply district for which a
18 landowner files a petition for division or the board moves to
19 consider a proposal for division on or after that date. The
20 division of a district for which a landowner files a petition for
21 division or the board moves to consider a proposal for division
22 before the effective date of this Act is governed by the law in
23 effect at that time, and that law is continued in effect for that
24 purpose.

25 (e) Sections 53.016 and 53.019(a), Water Code, as amended by
26 this Act, and Section 53.0195, Water Code, as added by this Act,
27 apply only to a hearing for which notice is given on or after the

1 effective date of Sections 12, 13, and 14 of this Act. A hearing for
2 which notice is given before the effective date of Sections 12, 13,
3 and 14 of this Act is governed by the law applicable to the hearing
4 immediately before the effective date of Sections 12, 13, and 14 of
5 this Act, and that law is continued in effect for that purpose.

6 SECTION 22. (a) Except as provided by Subsection (b) of
7 this section, this Act takes effect September 1, 2003.

8 (b) Sections 12, 13, and 14 of this Act take effect
9 immediately if this Act receives a vote of two-thirds of all the
10 members elected to each house, as provided by Section 39, Article
11 III, Texas Constitution. If this Act does not receive the vote
12 necessary for immediate effect, Sections 12, 13, and 14 of this Act
13 take effect September 1, 2003.