

AN ACT

relating to exclusion of land from certain water districts for failure to provide facilities and services.

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

SECTION 1. Subchapter J, Chapter 49, Water Code, is amended by adding Sections 49.3075, 49.3076, and 49.3077 to read as follows:

Sec. 49.3075. EXCLUSION FOR FAILURE TO PROVIDE SUFFICIENT SERVICES; NO OUTSTANDING BONDS. (a) The board shall 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:

(1) includes a signed petition evidencing the consent of the owners of a majority of the acreage proposed to be excluded, as reflected by the most recent certified tax roll of the district;

(2) includes a claim that the district has not met the landowner's proposals and requests for facilities and services sufficient to service the land at full development; and

(3) describes the property to be excluded.

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

(c) Unless the district presents evidence at the hearing

1 that conclusively demonstrates that the requirements and grounds
2 for exclusion described by Subsection (a) have not been met, the
3 board shall enter an order excluding the land from the district and
4 shall redefine in the order the boundaries of the district to
5 embrace all land not excluded.

6 (d) A copy of an order excluding land and redefining the
7 boundaries of the district shall be filed in the deed records of
8 each county in which the district is located.

9 (e) This section does not apply to irrigation districts
10 governed by Chapter 58.

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

19 (1) includes a signed petition evidencing the consent
20 of the owners of a majority of the acreage proposed to be excluded,
21 as reflected by the most recent certified tax roll of the district;

22 (2) includes a claim that the district has not
23 provided the land with utility services;

24 (3) describes the property to be excluded;

25 (4) provides facts necessary for the board to make the
26 findings required by Subsection (b); and

27 (5) is filed before August 31, 2005.

1 (b) The board of a district may exclude land under this
2 section only on finding that:

3 (1) the district has never provided utility services
4 to the land described by the petition;

5 (2) the district has imposed a tax on the land for more
6 than 28 years; and

7 (3) all taxes the district has levied and assessed
8 against the land and all fees and assessments the district has
9 imposed against the land or the owner that are due and payable on or
10 before the date of the petition are fully paid.

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

17 (d) A copy of an order excluding land and redefining the
18 boundaries of the district shall be filed in the deed records of
19 each county in which the district is located.

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

23 (f) After any land is excluded under this section, the
24 district may issue any unissued additional debt approved by the
25 voters of the district before exclusion of the land under this
26 section without holding a new election. Additional debt issued
27 after land is excluded from the district may not be payable from and

1 does not create a lien against the taxable value of the excluded
2 land.

3 (g) This section does not apply to irrigation districts
4 governed by Chapter 58.

5 (h) For purposes of this section and Section 49.3077, "land"
6 includes any improvements to the land, and when used in the context
7 of property taxes, "land" has the meaning assigned to "real
8 property" by Section 1.04, Tax Code.

9 Sec. 49.3077. TAX LIABILITY OF EXCLUDED LAND; BONDS
10 OUTSTANDING. (a) Land excluded from a district under Section
11 49.3076 that is pledged as security for any outstanding debt of the
12 district remains pledged for its pro rata share of the debt until
13 final payment is made. The district shall continue to levy and
14 collect taxes on the excluded land at the same rate levied on land
15 remaining in the district until the amount of taxes collected from
16 the excluded land equals the land's pro rata share of the district's
17 debt outstanding at the time the land was excluded from the
18 district.

19 (b) The district shall apply the taxes collected on the
20 excluded land only to the payment of the excluded land's pro rata
21 share of the debt.

22 (c) The owner of any part of the excluded land may pay in
23 full the owner's share of the pro rata share of the district's debt
24 outstanding at the time the land is excluded.

25 SECTION 2. This Act takes effect immediately if it receives
26 a vote of two-thirds of all the members elected to each house, as
27 provided by Section 39, Article III, Texas Constitution. If this

1 Act does not receive the vote necessary for immediate effect, this
2 Act takes effect September 1, 2003.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 542 passed the Senate on March 27, 2003, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 23, 2003, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 542 passed the House, with amendment, on May 16, 2003, by the following vote: Yeas 142, Nays 1, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor