

A BILL TO BE ENTITLED

AN ACT

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

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

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

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

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

_____(Address)

_____(Telephone Number)

"The district has taxing authority separate from any other taxing authority and may, subject to voter approval, issue an unlimited amount of bonds and levy an unlimited rate of tax in payment of such bonds. As of this date, the rate of taxes levied by the district on real property located in the district is \$_____ on each \$100 of assessed valuation. If the district has not yet levied taxes, the most recent projected rate of tax, as of

1 this date, is \$_____ on each \$100 of assessed valuation. The
2 total amount of bonds, excluding refunding bonds and any bonds or
3 any portion of bonds issued that are payable solely from revenues
4 received or expected to be received under a contract with a
5 governmental entity, approved by the voters and which have been or
6 may, at this date, be issued is \$_____, and the aggregate
7 initial principal amounts of all bonds issued for one or more of the
8 specified facilities of the district and payable in whole or in part
9 from property taxes is \$_____. ["

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

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

1 district is dissolved.["]

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

9 -----

10 _____(Date)

11 _____
12 Signature of Seller

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

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

24 -----

25 _____(Date)

26 _____
27 Signature of Purchaser

28 "(Note: Correct district name, contact information, tax

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

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

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

26 _____(Address)

27 _____(Telephone Number)

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

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

1 stating the amount, if any, of unpaid standby fees on a tract of
2 property in the district.["]

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

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

17 -----

18 _____(Date)

19 _____
20 Signature of Seller

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

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

_____ (Date)

Signature of Purchaser

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

(d) The prescribed notice for districts that are not located

1 in whole or in part within the corporate boundaries of a
2 municipality or the extraterritorial jurisdiction of one or more
3 home-rule municipalities shall be executed by the seller and shall
4 read as follows:

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

10 _____(Address)

11 _____(Telephone Number)

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

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

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

21 -----

22 _____(Date)

23 _____
24 Signature of Seller

25 PURCHASER IS ADVISED THAT THE INFORMATION SHOWN ON THIS FORM
26 IS SUBJECT TO CHANGE BY THE DISTRICT AT ANY TIME. THE DISTRICT
27 ROUTINELY ESTABLISHES TAX RATES DURING THE MONTHS OF SEPTEMBER

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

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

9 -----

10 _____(Date)

11 _____
12 Signature of Purchaser

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

1 the notice by substitution of the words 'January 1, _____' for the
2 words 'this date' and place the correct calendar year in the
3 appropriate space."

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

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

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

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

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

26 (b) The governing body of a district which desires to
27 convert into a district operating under this chapter shall adopt

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

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

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

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

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

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

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

27 (a) Notice of the conversion hearing [~~adoption of a~~

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

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

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

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

26 (c) The findings of the commissioners court or the
27 commission, as applicable, [~~governing body of a district~~] entered

1 under this section are [~~final and not~~] subject to appeal or review
2 not later than the 30th day after the date the order approving or
3 denying the conversion is entered under this section.

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

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

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

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

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

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

25 (f) If a majority of the votes cast in the election favor the
26 conversion of the district, the governing body of the district
27 shall declare that the district is converted into a district

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

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

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

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

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

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

24 (b) At the time of making the order of conversion, the
25 commissioners court or the commission, as applicable, ~~[governing~~
26 ~~body]~~ shall specify in the order the specific provisions of the
27 chapter of the code under which the district had been operating that

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

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

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

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

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

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

24 (d) If the division of the original district is approved by
25 a majority of the qualified voters of the district voting in the
26 election, within 15 days after the date of the election the board of
27 the original district shall file with the county clerk, for filing

1 in the county deed records of each county in which a part of the
2 district is located, an order declaring the results of the election
3 and dividing the original district.

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

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

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

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

17 (1) is or is not necessary;

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

20 (3) would or would not be feasible or practicable [~~The~~
21 ~~commissioners court shall have jurisdiction to determine all issues~~
22 ~~pertaining to the sufficiency of the petition and shall allow any~~
23 ~~interested person to appear before it in person or by attorney to~~
24 ~~offer testimony relative to the sufficiency of the petition].~~

25 SECTION 14. Subchapter B, Chapter 53, Water Code, is
26 amended by adding Section 53.0195 to read as follows:

27 Sec. 53.0195. GRANTING OR REFUSING PETITION. (a) The

1 commissioners court shall grant the petition requesting the
2 creation of a district if it appears at the hearing that:

3 (1) organization of the district as requested is
4 feasible and practicable;

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

8 (3) there is a public necessity or need for the
9 district; and

10 (4) the creation of the district would further the
11 public welfare.

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

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

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

22 Sec. 53.0196. FILING OF ORDER. If the commissioners court
23 grants a petition requesting the creation of a district, within 15
24 days after the date of the order the commissioners court shall file
25 with the county clerk, for filing in the county deed records of each
26 county in which a part of the district is located, the order
27 creating the district. The filing must explain that the order

1 creating the district must be confirmed and ratified by an
2 election.

3 SECTION 16. Subsection (b), Section 53.029, Water Code, is
4 amended to read as follows:

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

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

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

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

13 (b-1) The division procedure is prescribed by Sections
14 53.030 to 53.041 of this code.

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

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

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

1 SUBCHAPTER G. CONVERSION OF DISTRICTS

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

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

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

18 (2) the Texas Commission on Environmental Quality to
19 hold a hearing on the conversion of the district if the district
20 includes land in more than one county.

21 (c) The district shall file a copy of the resolution with
22 the commissioners court or the Texas Commission on Environmental
23 Quality, as applicable.

24 Sec. 53.232. SETTING OF DATE, TIME, AND PLACE OF CONVERSION
25 HEARING. Promptly after the resolution requesting conversion is
26 filed, the commissioners court or the Texas Commission on
27 Environmental Quality, as applicable, or a person authorized by the

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

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

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

10 (c) The notice shall:

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

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

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

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

24 (b) If the commissioners court or the Texas Commission on
25 Environmental Quality, as applicable, finds that the conversion of
26 the district would not serve the best interest of the district and
27 would not be a benefit to the land and property included in the

1 district, it shall enter an order against conversion of the
2 district into one operating under this chapter.

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

8 Sec. 53.235. CONVERSION ELECTION. (a) If the
9 commissioners court or the Texas Commission on Environmental
10 Quality, as applicable, finds in favor of the conversion of the
11 district, the governing body of the district shall order an
12 election to be held in the district to confirm the conversion of the
13 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) Subsections (b), (c), and (d), Section
10 49.452, Water Code, as amended by this Act, apply only to notice
11 given to a purchaser of real property within a water district on or
12 after the effective date of this Act. Notice given to a purchaser
13 before the effective date of this Act is governed by the law in
14 effect at the time the notice was given, and the former law is
15 continued in effect 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 Subsection (d), Section 51.021, Section
26 53.0196, and Subsection (f), Section 54.021, Water Code, as added
27 by this Act, and Subsection (b), Section 51.032, Water Code, as

1 amended by this Act.

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

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

1 (e) Section 53.016 and Subsection (a), Section 53.019,
2 Water Code, as amended by this Act, and Section 53.0195, Water Code,
3 as added by this Act, apply only to a hearing for which notice is
4 given on or after the effective date of Sections 12, 13, and 14 of
5 this Act. A hearing for which notice is given before the effective
6 date of Sections 12, 13, and 14 of this Act is governed by the law
7 applicable to the hearing immediately before the effective date of
8 Sections 12, 13, and 14 of this Act, and that law is continued in
9 effect for that purpose.

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

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