

By: Madla

S.B. No. 1304

Substitute the following for S.B. No. 1304:

By: Puente

C.S.S.B. No. 1304

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 \_\_\_\_\_  
12 (Date)

13 \_\_\_\_\_  
14 Signature of Seller

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

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

26 -----

27 \_\_\_\_\_  
28 (Date)

1  
2 \_\_\_\_\_  
Signature of Purchaser

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

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

24 "The real property, described below, that you are about to  
25 purchase is located in the \_\_\_\_\_ District. The district is a  
26 governmental agency and a political subdivision of this state. The  
27 district is governed by a board of directors. The district may be



1 standby fee is a personal obligation of the person that owned the  
2 property at the time of imposition and is secured by a lien on the  
3 property. Any person may request a certificate from the district  
4 stating the amount, if any, of unpaid standby fees on a tract of  
5 property in the district.

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

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

20 -----

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  
28 THROUGH DECEMBER OF EACH YEAR, EFFECTIVE FOR THE YEAR IN WHICH THE

1 TAX RATES ARE APPROVED BY THE DISTRICT. PURCHASER IS ADVISED TO  
2 CONTACT THE DISTRICT TO DETERMINE THE STATUS OF ANY CURRENT OR  
3 PROPOSED CHANGES TO THE INFORMATION SHOWN ON THIS FORM.

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

8 -----

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  
28 the notice by substitution of the words 'January 1, \_\_\_\_\_' for

1 the words 'this date' and place the correct calendar year in the  
2 appropriate space."

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

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

13 \_\_\_\_\_(Address)

14 \_\_\_\_\_(Telephone Number)

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



1 initial principal amounts of all bonds issued for one or more of the  
2 specified facilities of the district and payable in whole or in part  
3 from property taxes is \$\_\_\_\_\_.

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

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

24 -----

25 \_\_\_\_\_  
26 (Date)

27 \_\_\_\_\_  
28 Signature of Seller

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

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

12 -----

13 \_\_\_\_\_  
14 (Date)

15 \_\_\_\_\_  
16 Signature of Purchaser

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

1 to be given to the prospective purchaser prior to execution of a  
2 binding contract of sale and purchase, a seller and any agent,  
3 representative, or person acting on the seller's behalf may modify  
4 the notice by substitution of the words 'January 1, \_\_\_\_\_' for the  
5 words 'this date' and place the correct calendar year in the  
6 appropriate space."

7 SECTION 2. Section 49.455(j), Water Code, is amended to  
8 read as follows:

9 (j) A copy of all information forms, maps, or plats and  
10 amendments to these filed under this section shall also be filed  
11 with the executive director. The executive director shall make  
12 available on a publicly accessible Internet website the form of  
13 Notice to Purchasers described by Subsection (b)(9) that the  
14 director has most recently received from each district.

15 SECTION 3. Section 51.021, Water Code, is amended by adding  
16 Subsection (d) to read as follows:

17 (d) If the commissioners court or the commission grants the  
18 petition requesting the creation of a district, within 15 days  
19 after the date of the order the commissioners court or the  
20 commission, as appropriate, shall file with the county clerk, for  
21 filing in the county deed records of each county in which a part of  
22 the district is located, the order creating the district. The  
23 filing must explain that the order creating the district must be  
24 confirmed and ratified by an election.

25 SECTION 4. Section 51.032(b), Water Code, is amended to  
26 read as follows:

27 (b) A certified copy of the order of the commission granting

1 a petition and naming the directors shall be filed within 15 days  
2 after the date of the order in the office of the county clerk for  
3 filing in the county deed records of each county in which a portion  
4 of the district is located. The filing must explain that the order  
5 creating the district must be confirmed and ratified by an  
6 election.

7 SECTION 5. Section 51.040, Water Code, is amended by  
8 amending Subsection (b) and adding Subsection (c) to read as  
9 follows:

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

20 (1) the commissioners court to hold a hearing on the  
21 conversion of the district if the district is located entirely  
22 within one county; or

23 (2) the commission to hold a hearing on the conversion  
24 of the district if the district includes land in more than one  
25 county.

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

1 SECTION 6. Subchapter B, Chapter 51, Water Code, is amended  
2 by adding Section 51.0402 to read as follows:

3 Sec. 51.0402. SETTING OF DATE, TIME, AND PLACE OF  
4 CONVERSION HEARING. Promptly after the resolution requesting  
5 conversion is filed, the commissioners court or the commission, as  
6 applicable, or a person authorized by the commissioners court or  
7 the commission, as applicable, shall set a date, time, and place for  
8 a hearing on the conversion.

9 SECTION 7. Section 51.041(a), Water Code, is amended to  
10 read as follows:

11 (a) Notice of the conversion hearing [~~adoption of a~~  
12 ~~resolution under Section 51.040 of this code~~] shall be given by  
13 publishing notice [~~the resolution~~] in a newspaper with general  
14 circulation in the county or counties in which the district is  
15 located.

16 SECTION 8. Section 51.042, Water Code, is amended to read as  
17 follows:

18 Sec. 51.042. CONVERSION OF DISTRICT; FINDINGS. (a) If, on  
19 a hearing, the commissioners court or the commission, as  
20 applicable, [~~governing body of the district~~] finds that conversion  
21 of the district into one operating under this chapter would serve  
22 the best interest of the district and would be a benefit to the land  
23 and property included in the district:

24 (1) [~~7~~] it shall enter an order making this finding and  
25 include in the order a list of the powers to be acquired by the  
26 district under Sections 51.043 and 51.331 as a result of the  
27 conversion and a list of the powers to be retained by the district

1 after conversion that the commissioners court or the commission, as  
2 applicable, approves; and

3 (2) the district shall become a district operating  
4 under this chapter.

5 (b) If the commissioners court or the commission, as  
6 applicable, [governing body] finds that the conversion of the  
7 district would not serve the best interest of the district and would  
8 not be a benefit to the land and property included in the district,  
9 it shall enter an order against conversion of the district into one  
10 operating under this chapter.

11 (c) An order entered under Subsection (a) or (b) is final  
12 and not subject to appeal or review unless appealed to a court not  
13 later than the 30th day after the date the order is entered. If the  
14 order is appealed to a court, on the 30th day after the date the  
15 court's judgment is entered the court's judgment becomes final and  
16 not subject to further appeal. The final judgment of the court  
17 shall be certified and transmitted to the clerk of the  
18 commissioners court or the commission, as applicable. The  
19 commissioners court or the commission, as applicable, shall conform  
20 its order regarding the proposed conversion of the district to the  
21 court's judgment [The findings of the governing body of a district  
22 entered under this section are final and not subject to appeal or  
23 review].

24 (d) Notwithstanding Section 51.332, on entry of an order of  
25 conversion, a district that converts or has converted into a  
26 district operating under this chapter has all the powers granted by  
27 Sections 51.043 and 51.331 as if the district had been created with

1 those powers.

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

4 (a) As provided by Subsection (b), any [~~Any~~] water  
5 improvement district, water control and preservation district,  
6 fresh water supply district, levee improvement district, drainage  
7 district, or navigation district, after conversion under Section  
8 51.042 [~~51.040 of this code~~], may continue to exercise all  
9 necessary specific powers under any specific conditions provided by  
10 the chapter of this code under which the district was operating  
11 before conversion.

12 (b) At the time of making the order of conversion, the  
13 commissioners court or the commission, as applicable, [~~governing~~  
14 ~~body~~] shall specify in the order the specific provisions of the  
15 chapter of the code under which the district had been operating that  
16 have been approved and [~~which~~] are to be preserved and made  
17 applicable to the operations of the district after conversion into  
18 a district operating under this chapter.

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

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

22 SECTION 11. Section 51.749, Water Code, is amended by  
23 amending Subsection (a) and adding Subsections (a-1) and (d) to  
24 read as follows:

25 (a) After the board of the original district has agreed on  
26 the terms and conditions of division, which shall include a plan for  
27 the payment of any outstanding current obligations and performance

1 of any outstanding obligations of the original district, and has  
2 prepared a metes and bounds description of the proposed districts,  
3 the board shall submit a proposal for division to the entity that  
4 issued the order creating the district for approval. If the  
5 district was created by an act of the legislature, the board shall  
6 submit a proposal for division to the commission.

7 (a-1) If the entity that issued the order creating the  
8 district or the commission approves the division of the district,  
9 the board [it] shall order an election to be held in the district to  
10 determine whether the original district should be divided as  
11 proposed.

12 (d) If the division of the original district is approved by  
13 a majority of the qualified voters of the district voting in the  
14 election, within 15 days after the date of the election the board of  
15 the original district shall file with the county clerk, for filing  
16 in the county deed records of each county in which a part of the  
17 district is located, an order declaring the results of the election  
18 and dividing the original district.

19 SECTION 12. Section 53.016, Water Code, is amended to read  
20 as follows:

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

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



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

5                   (1) is or is not necessary;

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

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

9 ~~[The commissioners court shall have jurisdiction to determine all~~  
10 ~~issues pertaining to the sufficiency of the petition and shall~~  
11 ~~allow any interested person to appear before it in person or by~~  
12 ~~attorney to offer testimony relative to the sufficiency of the~~  
13 ~~petition.]~~

14           SECTION 14. Subchapter B, Chapter 53, Water Code, is  
15 amended by adding Sections 53.0194-53.0199 to read as follows:

16           Sec. 53.0194. GRANTING OR REFUSING PETITION. (a) The  
17 commissioners court by order shall grant the petition requesting  
18 the creation of a district if it appears at the hearing that:

19                   (1) organization of the district as requested is  
20 feasible and practicable;

21                   (2) the land to be included and the residents of the  
22 proposed district will be benefited by the creation of the  
23 district;

24                   (3) there is a public necessity or need for the  
25 district; and

26                   (4) the creation of the district would further the  
27 public welfare.

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

3       (c) If the commissioners court finds that any of the land  
4 sought to be included in the proposed district will not be benefited  
5 by inclusion in the district, it may exclude those lands not to be  
6 benefited and shall redefine the boundaries of the proposed  
7 district to include only the land that will receive benefits from  
8 the district.

9       Sec. 53.0195. FILING OF ORDER. If the commissioners court  
10 grants a petition requesting the creation of a district, within 15  
11 days after the date of the order the commissioners court shall file  
12 with the county clerk, for filing in the county deed records of each  
13 county in which a part of the district is located, the order  
14 creating the district. The filing must explain that the order  
15 creating the district must be confirmed and ratified by an  
16 election.

17       Sec. 53.0196. APPEAL FROM ORDER OF COMMISSIONERS COURT.

18 (a) If the commissioners court grants or refuses to grant the  
19 petition, any person who signed the petition or any person who  
20 appears and protests the petition and offers testimony against the  
21 creation of the district may appeal from the order of the court by  
22 giving notice of appeal in open court at the time of the entry of the  
23 order, which shall be entered on the court's docket, and by filing  
24 with the clerk of the commissioners court within five days after the  
25 date the order is entered a good and sufficient appeal bond in the  
26 amount of \$2,500.

27       (b) The appeal bond shall be approved by the clerk of the

1 commissioners court, payable to the county judge, and conditioned  
2 for the prosecution of the appeal with effect and the payment of all  
3 costs incurred with the appeal in the event that the final decree of  
4 the court is against the appellant.

5 Sec. 53.0197. RECORD ON APPEAL; NOTICE OF APPEAL. (a) On  
6 completion of an appeal as provided by Section 53.0196, the clerk of  
7 the commissioners court shall, within 10 days after the date the  
8 appeal is completed, prepare a certified transcript of all orders  
9 entered by the commissioners court and transmit them with all  
10 original documents, processes, and returns on processes to the  
11 clerk of the district court to which the appeal is taken.

12 (b) All persons shall be charged with notice of the appeal  
13 without notice or service of notice. No person who failed to appear  
14 by petition, in person, or by attorney in the commissioners court  
15 may be permitted to intervene in the district court trial.

16 Sec. 53.0198. HEARING IN DISTRICT COURT; PROCEDURE. (a)  
17 The district court, either in term time or in vacation time, shall  
18 schedule the appeal for hearing with all reasonable dispatch.

19 (b) In the proceeding in the district court, formal  
20 pleadings may not be required but, with the court's permission, may  
21 be filed.

22 (c) The trial and decision shall be by the court without the  
23 intervention of a jury, and the hearing shall be conducted as though  
24 the jurisdiction of the district court were original jurisdiction.

25 (d) The following matters may be contested in the district  
26 court:

27 (1) all matters that were or might have been presented

1 in the commissioners court;

2 (2) the validity of the Act under which the district is  
3 proposed to be created; and

4 (3) the regularity of all previous proceedings.

5 Sec. 53.0199. JUDGMENT OF DISTRICT COURT; APPEAL. (a) In  
6 the appeal, the district court shall apply to the determination its  
7 full powers to the end that substantial justice may be done.

8 (b) An appeal from the judgment of the district court may be  
9 taken as in other civil causes, but appeals filed under Section  
10 53.0196 shall be given precedence on the docket of any higher court  
11 over all causes that are not of similar public concern.

12 (c) The final judgment of the district court, or other court  
13 to which an appeal may be prosecuted, shall be certified and  
14 transmitted to the clerk of the commissioners court with all  
15 original documents and processes that were transmitted from the  
16 commissioners court to the district court on appeal.

17 (d) The commissioners court shall enter its order on the  
18 petition to conform to the decree entered by the court of final  
19 jurisdiction and shall enter other and further orders as may be  
20 required by law to execute the intent of the certified decree.

21 SECTION 15. Section 53.029, Water Code, is amended by  
22 amending Subsection (b) and adding Subsection (b-1) to read as  
23 follows:

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

26 (1) it has no outstanding bonded debt;

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

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

5           **(b-1)** The division procedure is prescribed by Sections  
6 53.030 to 53.041 of this code.

7           SECTION 16. Section 53.040, Water Code, is amended to read  
8 as follows:

9           Sec. 53.040. ELECTED SUPERVISORS TAKE OFFICE. If the  
10 election results in a division of the district, the five candidates  
11 receiving the most votes in each new district shall be declared  
12 elected. They shall immediately qualify in accordance with Section  
13 49.055. The newly elected supervisors in each new district shall  
14 immediately file with the county clerk, for filing in the county  
15 deed records of each county in which a part of the district is  
16 located, an order declaring the results of the election and  
17 dividing the original district.

18           SECTION 17. Section 53.043, Water Code, is amended to read  
19 as follows:

20           Sec. 53.043. POWERS OF NEW DISTRICT. A district created by  
21 the division of an existing district into two districts has all the  
22 powers and duties of the district that existed before the division  
23 ~~[given by this chapter to any other district].~~

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

26                           SUBCHAPTER G. CONVERSION OF DISTRICTS

27           Sec. 53.231. CONVERSION OF CERTAIN DISTRICTS INTO DISTRICTS

1 OPERATING UNDER THIS CHAPTER. (a) Any water control and  
2 improvement district created under Section 52, Article III, or  
3 Section 59, Article XVI, Texas Constitution, may be converted into  
4 a district operating under this chapter.

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

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

16 (2) the commission to hold a hearing on the conversion  
17 of the district if the district includes land in more than one  
18 county.

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

21 Sec. 53.232. SETTING OF DATE, TIME, AND PLACE OF CONVERSION  
22 HEARING. Promptly after the resolution requesting conversion is  
23 filed, the commissioners court or the commission, as applicable, or  
24 a person authorized by the commissioners court or the commission,  
25 as applicable, shall set a date, time, and place for a hearing on  
26 the conversion.

27 Sec. 53.233. CONVERSION OF DISTRICT; NOTICE. (a) Notice of

1 the conversion hearing shall be given by publishing notice in a  
2 newspaper with general circulation in the county or counties in  
3 which the district is located.

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

7 (c) The notice shall:

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

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

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

12 Sec. 53.234. CONVERSION OF DISTRICT; FINDINGS. (a) If, on  
13 a hearing, the commissioners court or the commission, as  
14 applicable, finds that conversion of the district into one  
15 operating under this chapter would serve the best interest of the  
16 district and would be a benefit to the land and property included in  
17 the district, it shall enter an order making this finding, and the  
18 district shall become a district operating under this chapter.

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

25 (c) The findings of the commissioners court or the  
26 commission, as applicable, entered under this section are subject  
27 to appeal or review not later than the 30th day after the date the

1 order approving or denying the conversion is entered under this  
2 section.

3 Sec. 53.235. EFFECT OF CONVERSION. A district that  
4 converts into a district operating under this chapter shall:

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

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

9 (3) have and may exercise all the powers, authority,  
10 functions, and privileges provided in this chapter in the same  
11 manner and to the same extent as if the district had been created  
12 under this chapter.

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

15 (f) If the commission grants the petition requesting the  
16 creation of a district, within 15 days after the date of the order  
17 the commission shall file with the county clerk, for filing in the  
18 county deed records of each county in which a part of the district  
19 is located, the order creating the district. The filing must  
20 explain that the order creating the district must be confirmed and  
21 ratified by an election.

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

23 SECTION 21. (a) Sections 49.452(b), (c), and (d), Water  
24 Code, as amended by this Act, apply only to notice given to a  
25 purchaser of real property within a water district on or after the  
26 effective date of this Act. Notice given to a purchaser before the  
27 effective date of this Act is governed by the law in effect at the



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

3 (b) If before January 1, 2004, the Texas Commission on  
4 Environmental Quality, a county commissioners court, or the  
5 governing body of a district by order has granted a petition for or  
6 authorized the creation or division of a water control and  
7 improvement district, fresh water supply district, or municipal  
8 utility district, as applicable, subject to a confirmation  
9 election, and the election has not been held before that date, the  
10 commission, commissioners court, or governing body, as  
11 appropriate, not later than January 16, 2004, shall comply with the  
12 filing requirements of Sections 51.021(d), 53.0195, and 54.021(f),  
13 Water Code, as added by this Act, and Section 51.032(b), Water Code,  
14 as amended by this Act.

15 (c) Sections 51.040(b), 51.041(a), 51.042, and 51.044(a)  
16 and (b), Water Code, as amended by this Act, and Sections 51.040(c)  
17 and 51.0402 and Subchapter G, Chapter 53, Water Code, as added by  
18 this Act, apply only to the conversion of a district to one  
19 operating as a water control and improvement district or a fresh  
20 water supply district for which the governing body of the district  
21 adopts a resolution on or after the effective date of this Act  
22 proposing conversion of the district. If before the effective date  
23 of this Act the governing body of a district adopts a resolution  
24 proposing conversion of the district to one operating as a water  
25 control and improvement district or a fresh water supply district,  
26 the conversion of the district is governed by the law as it existed  
27 immediately before the effective date of this Act, and that law is

1 continued in effect for that purpose.

2 (d) Sections 51.749(a) and 53.029(b), Water Code, as  
3 amended by this Act, apply only to the division of a water control  
4 and improvement district or freshwater supply district for which a  
5 landowner files a petition for division or the board moves to  
6 consider a proposal for division on or after the effective date of  
7 this Act. The division of a district for which a landowner files a  
8 petition for division or the board moves to consider a proposal for  
9 division before the effective date of this Act is governed by the  
10 law in effect at that time, and that law is continued in effect for  
11 that purpose.

12 (e) Sections 53.016 and 53.019(a), Water Code, as amended by  
13 this Act, and Section 53.0194, Water Code, as added by this Act,  
14 apply only to a hearing for which notice is given on or after the  
15 effective date of this Act. A hearing for which notice is given  
16 before the effective date of this Act is governed by the law  
17 applicable to the hearing immediately before the effective date of  
18 this Act, and that law is continued in effect for that purpose.

19 (f) Sections 53.0196-53.0199, Water Code, as added by this  
20 Act, apply only to the appeal of an order of the commissioners court  
21 entered on or after the effective date of this Act. An order  
22 entered before the effective date of this Act is governed by the law  
23 applicable to the order immediately before the effective date of  
24 this Act, and that law is continued in effect for that purpose.

25 SECTION 22. This Act takes effect January 1, 2004.