

1-1 By: Madla S.B. No. 1304
1-2 (In the Senate - Filed March 12, 2003; March 19, 2003, read
1-3 first time and referred to Committee on Natural Resources;
1-4 April 22, 2003, reported favorably by the following vote: Yeas 11,
1-5 Nays 0; April 22, 2003, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the creation, division, or conversion of, or purchaser
1-9 notice about, certain kinds of water districts.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Subsections (b), (c), and (d), Section 49.452,
1-12 Water Code, are amended to read as follows:

1-13 (b) The prescribed notice for districts located in whole or
1-14 in part in the extraterritorial jurisdiction of one or more
1-15 home-rule municipalities and not located within the corporate
1-16 boundaries of a municipality shall be executed by the seller and
1-17 shall read as follows:

1-18 "The real property, described below, that you are about to
1-19 purchase is located in the _____ District. The district is a
1-20 governmental agency and a political subdivision of this state. The
1-21 district is governed by a board of directors. The district may be
1-22 contacted at the following address and telephone number:

1-23 _____(Address)

1-24 _____(Telephone Number)

1-25 "The district has taxing authority separate from any other
1-26 taxing authority and may, subject to voter approval, issue an
1-27 unlimited amount of bonds and levy an unlimited rate of tax in
1-28 payment of such bonds. As of this date, the rate of taxes levied by
1-29 the district on real property located in the district is
1-30 \$_____ on each \$100 of assessed valuation. If the district has
1-31 not yet levied taxes, the most recent projected rate of tax, as of
1-32 this date, is \$_____ on each \$100 of assessed valuation. The
1-33 total amount of bonds, excluding refunding bonds and any bonds or
1-34 any portion of bonds issued that are payable solely from revenues
1-35 received or expected to be received under a contract with a
1-36 governmental entity, approved by the voters and which have been or
1-37 may, at this date, be issued is \$_____, and the aggregate
1-38 initial principal amounts of all bonds issued for one or more of the
1-39 specified facilities of the district and payable in whole or in part
1-40 from property taxes is \$_____. ["]

1-41 "The district has the authority to adopt and impose a standby
1-42 fee on property in the district that has water, sanitary sewer, or
1-43 drainage facilities and services available but not connected and
1-44 which does not have a house, building, or other improvement located
1-45 thereon and does not substantially utilize the utility capacity
1-46 available to the property. The district may exercise the authority
1-47 without holding an election on the matter. As of this date, the
1-48 most recent amount of the standby fee is \$_____. An unpaid
1-49 standby fee is a personal obligation of the person that owned the
1-50 property at the time of imposition and is secured by a lien on the
1-51 property. Any person may request a certificate from the district
1-52 stating the amount, if any, of unpaid standby fees on a tract of
1-53 property in the district.

1-54 "The district is located in whole or in part in the
1-55 extraterritorial jurisdiction of the City of _____. By law, a
1-56 district located in the extraterritorial jurisdiction of a
1-57 municipality may be annexed without the consent of the district or
1-58 the voters of the district. When a district is annexed, the
1-59 district is dissolved. ["]

1-60 "The purpose of this district is to provide water, sewer,
1-61 drainage, or flood control facilities and services within the
1-62 district through the issuance of bonds payable in whole or in part
1-63 from property taxes. The cost of these utility facilities is not
1-64 included in the purchase price of your property, and these utility

facilities are owned or to be owned by the district. The legal description of the property you are acquiring is as follows: []

_____(Date)

Signature of Seller

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

(c) The prescribed notice for districts located in whole or in part 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 this date, is \$_____ on each \$100 of assessed valuation. The total amount of bonds, excluding refunding bonds and any bonds or any portion of bonds issued that are payable solely from revenues received or expected to be received under a contract with a governmental entity, approved by the voters and which have been or may, at this date, be issued is \$_____, and the aggregate initial principal amounts of all bonds issued for one or more of the specified facilities of the district and payable in whole or in part from property taxes is \$_____. []

"The district has the authority to adopt and impose a standby fee on property in the district that has water, sanitary sewer, or drainage facilities and services available but not connected and which does not have a house, building, or other improvement located

3-1 thereon and does not substantially utilize the utility capacity
3-2 available to the property. The district may exercise the authority
3-3 without holding an election on the matter. As of this date, the
3-4 most recent amount of the standby fee is \$_____. An unpaid
3-5 standby fee is a personal obligation of the person that owned the
3-6 property at the time of imposition and is secured by a lien on the
3-7 property. Any person may request a certificate from the district
3-8 stating the amount, if any, of unpaid standby fees on a tract of
3-9 property in the district. [u]

3-10 "The district is located in whole or in part within the
3-11 corporate boundaries of the City of _____. The taxpayers of
3-12 the district are subject to the taxes imposed by the municipality
3-13 and by the district until the district is dissolved. By law, a
3-14 district located within the corporate boundaries of a municipality
3-15 may be dissolved by municipal ordinance without the consent of the
3-16 district or the voters of the district.

3-17 "The purpose of this district is to provide water, sewer,
3-18 drainage, or flood control facilities and services within the
3-19 district through the issuance of bonds payable in whole or in part
3-20 from property taxes. The cost of these utility facilities is not
3-21 included in the purchase price of your property, and these utility
3-22 facilities are owned or to be owned by the district. The legal
3-23 description of the property you are acquiring is as follows: [u]

3-24 -----

_____(Date)

Signature of Seller

3-28 PURCHASER IS ADVISED THAT THE INFORMATION SHOWN ON THIS FORM
3-29 IS SUBJECT TO CHANGE BY THE DISTRICT AT ANY TIME. THE DISTRICT
3-30 ROUTINELY ESTABLISHES TAX RATES DURING THE MONTHS OF SEPTEMBER
3-31 THROUGH DECEMBER OF EACH YEAR, EFFECTIVE FOR THE YEAR IN WHICH THE
3-32 TAX RATES ARE APPROVED BY THE DISTRICT. PURCHASER IS ADVISED TO
3-33 CONTACT THE DISTRICT TO DETERMINE THE STATUS OF ANY CURRENT OR
3-34 PROPOSED CHANGES TO THE INFORMATION SHOWN ON THIS FORM.

3-35 "The undersigned purchaser hereby acknowledges receipt of
3-36 the foregoing notice at or prior to execution of a binding contract
3-37 for the purchase of the real property described in such notice or at
3-38 closing of purchase of the real property. [u]

3-39 -----

_____(Date)

Signature of Purchaser

3-43 "(Note: Correct district name, contact information, tax
3-44 rate, bond amounts, and legal description are to be placed in the
3-45 appropriate space.) Except for notices included as an addendum or
3-46 paragraph of a purchase contract, the notice shall be executed by
3-47 the seller and purchaser, as indicated. If the district does not
3-48 propose to provide one or more of the specified facilities and
3-49 services, the appropriate purpose may be eliminated. If the
3-50 district has not yet levied taxes, a statement of the district's
3-51 most recent projected rate of tax is to be placed in the appropriate
3-52 space. If the district does not have approval from the commission
3-53 to adopt and impose a standby fee, the second paragraph of the
3-54 notice may be deleted. For the purposes of the notice form required
3-55 to be given to the prospective purchaser prior to execution of a
3-56 binding contract of sale and purchase, a seller and any agent,
3-57 representative, or person acting on the seller's behalf may modify
3-58 the notice by substitution of the words 'January 1, _____' for
3-59 the words 'this date' and place the correct calendar year in the
3-60 appropriate space."

3-61 (d) The prescribed notice for districts that are not located
3-62 in whole or in part within the corporate boundaries of a
3-63 municipality or the extraterritorial jurisdiction of one or more
3-64 home-rule municipalities shall be executed by the seller and shall
3-65 read as follows:

3-66 "The real property, described below, that you are about to
3-67 purchase is located in the _____ District. The district is a
3-68 governmental agency and a political subdivision of this state. The
3-69 district is governed by a board of directors. The district may be

4-1 contacted at the following address and telephone number:

4-2 (Address)

4-3 (Telephone Number)

4-4 "The district has taxing authority separate from any other
4-5 taxing authority and may, subject to voter approval, issue an
4-6 unlimited amount of bonds and levy an unlimited rate of tax in
4-7 payment of such bonds. As of this date, the rate of taxes levied by
4-8 the district on real property located in the district is
4-9 \$_____ on each \$100 of assessed valuation. If the district has
4-10 not yet levied taxes, the most recent projected rate of tax, as of
4-11 this date, is \$_____ on each \$100 of assessed valuation. The
4-12 total amount of bonds, excluding refunding bonds and any bonds or
4-13 any portion of bonds issued that are payable solely from revenues
4-14 received or expected to be received under a contract with a
4-15 governmental entity, approved by the voters and which have been or
4-16 may, at this date, be issued is \$_____, and the aggregate
4-17 initial principal amounts of all bonds issued for one or more of the
4-18 specified facilities of the district and payable in whole or in part
4-19 from property taxes is \$_____. [u]

4-20 "The district has the authority to adopt and impose a standby
4-21 fee on property in the district that has water, sanitary sewer, or
4-22 drainage facilities and services available but not connected and
4-23 which does not have a house, building, or other improvement located
4-24 thereon and does not substantially utilize the utility capacity
4-25 available to the property. The district may exercise the authority
4-26 without holding an election on the matter. As of this date, the
4-27 most recent amount of the standby fee is \$_____. An unpaid
4-28 standby fee is a personal obligation of the person that owned the
4-29 property at the time of imposition and is secured by a lien on the
4-30 property. Any person may request a certificate from the district
4-31 stating the amount, if any, of unpaid standby fees on a tract of
4-32 property in the district. [u]

4-33 "The purpose of this district is to provide water, sewer,
4-34 drainage, or flood control facilities and services within the
4-35 district through the issuance of bonds payable in whole or in part
4-36 from property taxes. The cost of these utility facilities is not
4-37 included in the purchase price of your property, and these utility
4-38 facilities are owned or to be owned by the district. The legal
4-39 description of the property you are acquiring is as follows: [u]

4-40 -----
4-41 _____(Date)

4-42 _____
4-43 Signature of Seller

4-44 PURCHASER IS ADVISED THAT THE INFORMATION SHOWN ON THIS FORM
4-45 IS SUBJECT TO CHANGE BY THE DISTRICT AT ANY TIME. THE DISTRICT
4-46 ROUTINELY ESTABLISHES TAX RATES DURING THE MONTHS OF SEPTEMBER
4-47 THROUGH DECEMBER OF EACH YEAR, EFFECTIVE FOR THE YEAR IN WHICH THE
4-48 TAX RATES ARE APPROVED BY THE DISTRICT. PURCHASER IS ADVISED TO
4-49 CONTACT THE DISTRICT TO DETERMINE THE STATUS OF ANY CURRENT OR
4-50 PROPOSED CHANGES TO THE INFORMATION SHOWN ON THIS FORM.

4-51 "The undersigned purchaser hereby acknowledges receipt of
4-52 the foregoing notice at or prior to execution of a binding contract
4-53 for the purchase of the real property described in such notice or at
4-54 closing of purchase of the real property. [u]

4-55 -----
4-56 _____(Date)

4-57 _____
4-58 Signature of Purchaser

4-59 "(Note: Correct district name, contact information, tax
4-60 rate, bond amounts, and legal description are to be placed in the
4-61 appropriate space.) Except for notices included as an addendum or
4-62 paragraph of a purchase contract, the notice shall be executed by
4-63 the seller and purchaser, as indicated. If the district does not
4-64 propose to provide one or more of the specified facilities and
4-65 services, the appropriate purpose may be eliminated. If the
4-66 district has not yet levied taxes, a statement of the district's
4-67 most recent projected rate of tax is to be placed in the appropriate
4-68 space. If the district does not have approval from the commission
4-69 to adopt and impose a standby fee, the second paragraph of the

5-1 notice may be deleted. For the purposes of the notice form required
 5-2 to be given to the prospective purchaser prior to execution of a
 5-3 binding contract of sale and purchase, a seller and any agent,
 5-4 representative, or person acting on the seller's behalf may modify
 5-5 the notice by substitution of the words 'January 1, _____' for the
 5-6 words 'this date' and place the correct calendar year in the
 5-7 appropriate space."

5-8 SECTION 2. Section 51.021, Water Code, is amended by adding
 5-9 Subsection (d) to read as follows:

5-10 (d) If the commissioners court or the commission grants the
 5-11 petition requesting the creation of a district, within 15 days
 5-12 after the date of the order the commissioners court or the
 5-13 commission, as appropriate, shall file with the county clerk, for
 5-14 filing in the county deed records of each county in which a part of
 5-15 the district is located, the order creating the district. The
 5-16 filing must explain that the order creating the district must be
 5-17 confirmed and ratified by an election.

5-18 SECTION 3. Subsection (b), Section 51.032, Water Code, is
 5-19 amended to read as follows:

5-20 (b) A certified copy of the order of the commission granting
 5-21 a petition and naming the directors shall be filed within 15 days
 5-22 after the date of the order in the office of the county clerk for
 5-23 filing in the county deed records of each county in which a portion
 5-24 of the district is located. The filing must explain that the order
 5-25 creating the district must be confirmed and ratified by an
 5-26 election.

5-27 SECTION 4. Section 51.040, Water Code, is amended by
 5-28 amending Subsection (b) and adding Subsection (c) to read as
 5-29 follows:

5-30 (b) The governing body of a district which desires to
 5-31 convert into a district operating under this chapter shall adopt
 5-32 and enter in the minutes of the governing body a resolution
 5-33 declaring that, in its judgment, conversion into a water control
 5-34 and improvement district operating under this chapter and under
 5-35 Article XVI, Section 59, of the Texas Constitution, would serve the
 5-36 best interest of the district and would be a benefit to the land and
 5-37 property included in the district. The resolution shall contain a
 5-38 list of the powers the district desires to retain after conversion
 5-39 and shall also request:

5-40 (1) the commissioners court to hold a hearing on the
 5-41 conversion of the district if the district is located entirely
 5-42 within one county; or

5-43 (2) the commission to hold a hearing on the conversion
 5-44 of the district if the district includes land in more than one
 5-45 county.

5-46 (c) The district shall file a copy of the resolution with
 5-47 the commissioners court or the commission, as applicable.

5-48 SECTION 5. Subchapter B, Chapter 51, Water Code, is amended
 5-49 by adding Section 51.0402 to read as follows:

5-50 Sec. 51.0402. SETTING OF DATE, TIME, AND PLACE OF
 5-51 CONVERSION HEARING. Promptly after the resolution requesting
 5-52 conversion is filed, the commissioners court or the commission, as
 5-53 applicable, or a person authorized by the commissioners court or
 5-54 the commission, as applicable, shall set a date, time, and place for
 5-55 a hearing on the conversion.

5-56 SECTION 6. Subsection (a), Section 51.041, Water Code, is
 5-57 amended to read as follows:

5-58 (a) Notice of the conversion hearing [~~adoption of a~~
 5-59 ~~resolution under Section 51.040 of this code~~] shall be given by
 5-60 publishing notice [~~the resolution~~] in a newspaper with general
 5-61 circulation in the county or counties in which the district is
 5-62 located.

5-63 SECTION 7. Section 51.042, Water Code, is amended to read as
 5-64 follows:

5-65 Sec. 51.042. CONVERSION OF DISTRICT; FINDINGS. (a) If, on
 5-66 a hearing, the commissioners court or the commission, as
 5-67 applicable, [governing body of the district] finds that conversion
 5-68 of the district into one operating under this chapter would serve
 5-69 the best interest of the district and would be a benefit to the land

6-1 and property included in the district, it shall enter an order
 6-2 making this finding and include in the order a list of the powers to
 6-3 be retained by the district after conversion that the commissioners
 6-4 court or the commission, as applicable, approves. The order shall
 6-5 also provide that conversion is not final unless the voters, in the
 6-6 election provided by Section 51.0422, confirm the conversion of the
 6-7 district ~~[and the district shall become a district operating under~~
 6-8 ~~this chapter]~~.

6-9 (b) If the commissioners court or the commission, as
 6-10 applicable, [governing body] finds that the conversion of the
 6-11 district would not serve the best interest of the district and would
 6-12 not be a benefit to the land and property included in the district,
 6-13 it shall enter an order against conversion of the district into one
 6-14 operating under this chapter.

6-15 (c) The findings of the commissioners court or the
 6-16 commission, as applicable, [governing body of a district] entered
 6-17 under this section are ~~[final and not]~~ subject to appeal or review
 6-18 not later than the 30th day after the date the order approving or
 6-19 denying the conversion is entered under this section.

6-20 SECTION 8. Subchapter B, Chapter 51, Water Code, is amended
 6-21 by adding Section 51.0422 to read as follows:

6-22 Sec. 51.0422. CONVERSION ELECTION. (a) If the
 6-23 commissioners court or the commission, as applicable, finds in
 6-24 favor of the conversion of the district, the governing body of the
 6-25 district shall order an election to be held in the district to
 6-26 confirm the conversion of the district.

6-27 (b) A conversion election may be held on the same day as any
 6-28 other district election.

6-29 (c) Notice of a conversion election shall state the day and
 6-30 each place for holding the election and the proposition to be voted
 6-31 on.

6-32 (d) The ballots for a conversion election shall be printed
 6-33 to provide for voting for or against the proposition: "The
 6-34 conversion of the _____ (name of the district) into a district
 6-35 operating as a water control and improvement district."

6-36 (e) Immediately after the conversion election, the
 6-37 presiding judge of each polling place shall deliver the returns of
 6-38 the election to the governing body of the district. The governing
 6-39 body shall canvass the returns and declare the results at the
 6-40 earliest practicable time.

6-41 (f) If a majority of the votes cast in the election favor the
 6-42 conversion of the district, the governing body of the district
 6-43 shall declare that the district is converted into a district
 6-44 operating under this chapter and enter the results in its minutes.
 6-45 If a majority of the votes cast in the election are against the
 6-46 conversion of the district, the governing body of the district
 6-47 shall declare that the conversion of the district was defeated and
 6-48 enter the results in its minutes.

6-49 (g) The governing body of the district shall file a copy of
 6-50 the order canvassing the results of the conversion election:

6-51 (1) with the commissioners court or the commission, as
 6-52 applicable; and

6-53 (2) if the voters confirm the conversion of the
 6-54 district, in the deed records of each county in which the district
 6-55 is located.

6-56 SECTION 9. Subsections (a) and (b), Section 51.044, Water
 6-57 Code, are amended to read as follows:

6-58 (a) As provided by Subsection (b), any [Any] water
 6-59 improvement district, water control and preservation district,
 6-60 fresh water supply district, levee improvement district, drainage
 6-61 district, or navigation district, after an election [conversion]
 6-62 under Section 51.0422 confirming the conversion of the district
 6-63 [51.040 of this code], may continue to exercise all necessary
 6-64 specific powers under any specific conditions provided by the
 6-65 chapter of this code under which the district was operating before
 6-66 conversion.

6-67 (b) At the time of making the order of conversion, the
 6-68 commissioners court or the commission, as applicable, [governing
 6-69 body] shall specify in the order the specific provisions of the

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

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

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

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

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

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

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

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

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

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

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

(1) is or is not necessary;

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

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

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

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

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

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

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

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

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

(c) If the commissioners court finds that any of the land

8-1 sought to be included in the proposed district will not be benefited
8-2 by inclusion in the district, it may exclude those lands not to be
8-3 benefited and shall redefine the boundaries of the proposed
8-4 district to include only the land that will receive benefits from
8-5 the district.

8-6 SECTION 15. Subchapter B, Chapter 53, Water Code, is
8-7 amended by adding Section 53.0196 to read as follows:

8-8 Sec. 53.0196. FILING OF ORDER. If the commissioners court
8-9 grants a petition requesting the creation of a district, within 15
8-10 days after the date of the order the commissioners court shall file
8-11 with the county clerk, for filing in the county deed records of each
8-12 county in which a part of the district is located, the order
8-13 creating the district. The filing must explain that the order
8-14 creating the district must be confirmed and ratified by an
8-15 election.

8-16 SECTION 16. Subsection (b), Section 53.029, Water Code, is
8-17 amended to read as follows:

8-18 (b) A district covered by this section may be divided into
8-19 two new districts if:

- 8-20 (1) it has no outstanding bonded debt; [and]
- 8-21 (2) it is not levying ad valorem taxes; and
- 8-22 (3) the division is approved by the entity that issued
8-23 the order creating the district or, if the district was created by
8-24 an act of the legislature, by the Texas Commission on Environmental
8-25 Quality.

8-26 (b-1) The division procedure is prescribed by Sections
8-27 53.030 to 53.041 of this code.

8-28 SECTION 17. Section 53.040, Water Code, is amended to read
8-29 as follows:

8-30 Sec. 53.040. ELECTED SUPERVISORS TAKE OFFICE. If the
8-31 election results in a division of the district, the five candidates
8-32 receiving the most votes in each new district shall be declared
8-33 elected. They shall immediately qualify in accordance with Section
8-34 49.055. The newly elected supervisors in each new district shall
8-35 immediately file with the county clerk, for filing in the county
8-36 deed records of each county in which a part of the district is
8-37 located, an order declaring the results of the election and
8-38 dividing the original district.

8-39 SECTION 18. Chapter 53, Water Code, is amended by adding
8-40 Subchapter G to read as follows:

8-41 SUBCHAPTER G. CONVERSION OF DISTRICTS

8-42 Sec. 53.231. CONVERSION OF CERTAIN DISTRICTS INTO DISTRICTS
8-43 OPERATING UNDER THIS CHAPTER. (a) Any water control and
8-44 improvement district created under Section 52, Article III, or
8-45 Section 59, Article XVI, Texas Constitution, may be converted to a
8-46 district operating under this chapter.

8-47 (b) The governing body of a district that desires to convert
8-48 into a district operating under this chapter shall adopt and enter
8-49 in the minutes of the governing body a resolution declaring that, in
8-50 its judgment, conversion into a fresh water supply district
8-51 operating under this chapter and under Section 59, Article XVI,
8-52 Texas Constitution, would serve the best interest of the district
8-53 and would be a benefit to the land and property included in the
8-54 district. The resolution shall also request:

8-55 (1) the commissioners court to hold a hearing on the
8-56 conversion of the district if the district is located entirely
8-57 within one county; or

8-58 (2) the Texas Commission on Environmental Quality to
8-59 hold a hearing on the conversion of the district if the district
8-60 includes land in more than one county.

8-61 (c) The district shall file a copy of the resolution with
8-62 the commissioners court or the Texas Commission on Environmental
8-63 Quality, as applicable.

8-64 Sec. 53.232. SETTING OF DATE, TIME, AND PLACE OF CONVERSION
8-65 HEARING. Promptly after the resolution requesting conversion is
8-66 filed, the commissioners court or the Texas Commission on
8-67 Environmental Quality, as applicable, or a person authorized by the
8-68 commissioners court or the commission, as applicable, shall set a
8-69 date, time, and place for a hearing on the conversion.

9-1 Sec. 53.233. CONVERSION OF DISTRICT; NOTICE. (a) Notice
9-2 of the conversion hearing shall be given by publishing notice in a
9-3 newspaper with general circulation in the county or counties in
9-4 which the district is located.

9-5 (b) The notice shall be published once a week for two
9-6 consecutive weeks with the first publication not less than 14 full
9-7 days before the time set for a hearing.

9-8 (c) The notice shall:
9-9 (1) state the time and place of the hearing;
9-10 (2) set out the resolution in full; and
9-11 (3) notify all interested persons to appear and offer
9-12 testimony for or against the proposal contained in the resolution.

9-13 Sec. 53.234. CONVERSION OF DISTRICT; FINDINGS. (a) If, on
9-14 a hearing, the commissioners court or the Texas Commission on
9-15 Environmental Quality, as applicable, finds that conversion of the
9-16 district into one operating under this chapter would serve the best
9-17 interest of the district and would be a benefit to the land and
9-18 property included in the district, it shall enter an order making
9-19 this finding but providing that conversion is not final unless the
9-20 voters, in the election provided by Section 53.235, confirm the
9-21 conversion of the district.

9-22 (b) If the commissioners court or the Texas Commission on
9-23 Environmental Quality, as applicable, finds that the conversion of
9-24 the district would not serve the best interest of the district and
9-25 would not be a benefit to the land and property included in the
9-26 district, it shall enter an order against conversion of the
9-27 district into one operating under this chapter.

9-28 (c) The findings of the commissioners court or the Texas
9-29 Commission on Environmental Quality, as applicable, entered under
9-30 this section are subject to appeal or review not later than the 30th
9-31 day after the date the order approving or denying the conversion is
9-32 entered under this section.

9-33 Sec. 53.235. CONVERSION ELECTION. (a) If the
9-34 commissioners court or the Texas Commission on Environmental
9-35 Quality, as applicable, finds in favor of the conversion of the
9-36 district, the governing body of the district shall order an
9-37 election to be held in the district to confirm the conversion of the
9-38 district.

9-39 (b) A conversion election may be held on the same day as any
9-40 other district election.

9-41 (c) Notice of a conversion election shall state the day and
9-42 each place for holding the election and the proposition to be voted
9-43 on.

9-44 (d) The ballots for a conversion election shall be printed
9-45 to provide for voting for or against the proposition: "The
9-46 conversion of the _____ (name of the district) into a district
9-47 operating as a fresh water supply district."

9-48 (e) Immediately after the conversion election, the
9-49 presiding judge of each polling place shall deliver the returns of
9-50 the election to the governing body of the district. The governing
9-51 body shall canvass the returns and declare the results at the
9-52 earliest practicable time.

9-53 (f) If a majority of the votes cast in the election favor the
9-54 conversion of the district, the governing body of the district
9-55 shall declare that the district is converted into a district
9-56 operating under this chapter and enter the results in its minutes.
9-57 If a majority of the votes cast in the election are against the
9-58 conversion of the district, the governing body of the district
9-59 shall declare that the conversion of the district was defeated and
9-60 enter the results in its minutes.

9-61 (g) The governing body of the district shall file a copy of
9-62 the order canvassing the results of the conversion election:

9-63 (1) with the commissioners court or the commission, as
9-64 applicable; and

9-65 (2) if the voters confirm the conversion of the
9-66 district, in the deed records of each county in which the district
9-67 is located.

9-68 Sec. 53.236. EFFECT OF CONVERSION. A district that
9-69 converts into a district operating under this chapter shall:

10-1 (1) be constituted a fresh water supply district
 10-2 operating under and governed by this chapter;

10-3 (2) be a conservation and reclamation district under
 10-4 Section 59, Article XVI, Texas Constitution; and

10-5 (3) have and may exercise all the powers, authority,
 10-6 functions, and privileges provided in this chapter in the same
 10-7 manner and to the same extent as if the district had been created
 10-8 under this chapter.

10-9 SECTION 19. Section 54.021, Water Code, is amended by
 10-10 adding Subsection (f) to read as follows:

10-11 (f) If the commission grants the petition requesting the
 10-12 creation of a district, within 15 days after the date of the order
 10-13 the commission shall file with the county clerk, for filing in the
 10-14 county deed records of each county in which a part of the district
 10-15 is located, the order creating the district. The filing must
 10-16 explain that the order creating the district must be confirmed and
 10-17 ratified by an election.

10-18 SECTION 20. Section 51.045, Water Code, is repealed.

10-19 SECTION 21. (a) Subsections (b), (c), and (d), Section
 10-20 49.452, Water Code, as amended by this Act, apply only to notice
 10-21 given to a purchaser of real property within a water district on or
 10-22 after the effective date of this Act. Notice given to a purchaser
 10-23 before the effective date of this Act is governed by the law in
 10-24 effect at the time the notice was given, and the former law is
 10-25 continued in effect for that purpose.

10-26 (b) If before September 1, 2003, the Texas Commission on
 10-27 Environmental Quality, a county commissioners court, or the
 10-28 governing body of a district by order has granted a petition for or
 10-29 authorized the creation or division of a water control and
 10-30 improvement district, fresh water supply district, or municipal
 10-31 utility district, as applicable, subject to a confirmation
 10-32 election, and the election has not been held before that date, the
 10-33 commission, commissioners court, or governing body, as
 10-34 appropriate, not later than September 16, 2003, shall comply with
 10-35 the filing requirements of Subsection (d), Section 51.021, Section
 10-36 53.0196, and Subsection (f), Section 54.021, Water Code, as added
 10-37 by this Act, and Subsection (b), Section 51.032, Water Code, as
 10-38 amended by this Act.

10-39 (c) Subsection (b), Section 51.040, Subsection (a), Section
 10-40 51.041, Section 51.042, and Subsections (a) and (b), Section
 10-41 51.044, Water Code, as amended by this Act, and Subsection (c),
 10-42 Section 51.040, and Sections 51.0402 and 51.0422, and Subchapter G,
 10-43 Chapter 53, Water Code, as added by this Act, apply only to the
 10-44 conversion of a district to one operating as a water control and
 10-45 improvement district or a fresh water supply district for which the
 10-46 governing body of the district adopts a resolution on or after the
 10-47 effective date of this Act proposing conversion of the district. If
 10-48 before the effective date of this Act the governing body of a
 10-49 district adopts a resolution proposing conversion of the district
 10-50 to one operating as a water control and improvement district or a
 10-51 fresh water supply district, the conversion of the district is
 10-52 governed by the law as it existed immediately before the effective
 10-53 date of this Act, and that law is continued in effect for that
 10-54 purpose.

10-55 (d) Subsection (a), Section 51.749, and Subsection (b),
 10-56 Section 53.029, Water Code, as amended by this Act, apply only to
 10-57 the division of a water control and improvement district or
 10-58 freshwater supply district for which a landowner files a petition
 10-59 for division or the board moves to consider a proposal for division
 10-60 on or after that date. The division of a district for which a
 10-61 landowner files a petition for division or the board moves to
 10-62 consider a proposal for division before the effective date of this
 10-63 Act is governed by the law in effect at that time, and that law is
 10-64 continued in effect for that purpose.

10-65 (e) Section 53.016 and Subsection (a), Section 53.019,
 10-66 Water Code, as amended by this Act, and Section 53.0195, Water Code,
 10-67 as added by this Act, apply only to a hearing for which notice is
 10-68 given on or after the effective date of Sections 12, 13, and 14 of
 10-69 this Act. A hearing for which notice is given before the effective

11-1 date of Sections 12, 13, and 14 of this Act is governed by the law
11-2 applicable to the hearing immediately before the effective date of
11-3 Sections 12, 13, and 14 of this Act, and that law is continued in
11-4 effect for that purpose.

11-5 SECTION 22. (a) Except as provided by Subsection (b) of
11-6 this section, this Act takes effect September 1, 2003.

11-7 (b) Sections 12, 13, and 14 of this Act take effect
11-8 immediately if this Act receives a vote of two-thirds of all the
11-9 members elected to each house, as provided by Section 39, Article
11-10 III, Texas Constitution. If this Act does not receive the vote
11-11 necessary for immediate effect, Sections 12, 13, and 14 of this Act
11-12 take effect September 1, 2003.

11-13 * * * * *