

Amend **HB 1644** by adding the following appropriately numbered sections to read as follows and by renumbering the subsequent sections of the bill accordingly:

SECTION _____. Subchapter L, Chapter 51, Water Code, is amended by adding Section 51.537 to read as follows:

Sec. 51.537. MUNICIPALITY'S AUTHORITY REGARDING DEFINED AREA. (a) A municipality may not annex a part of a defined area in a district that has adopted a plan for the defined area under this subchapter unless:

(1) 90 percent or more of all facilities and infrastructure described by the plan has been installed and completed; and

(2) the municipality:

(A) annexes all of the defined area that is within the municipality's extraterritorial jurisdiction; and

(B) assumes the pro rata share of the bonded indebtedness of the annexed area.

(b) After the annexation occurs:

(1) the annexed area is not eligible to be a defined area under this subchapter; and

(2) the district may not impose in the annexed area a tax authorized for a defined area under this subchapter.

SECTION _____. Subchapter J, Chapter 54, Water Code, is amended by adding Section 54.813 to read as follows:

Sec. 54.813. MUNICIPALITY'S AUTHORITY REGARDING DEFINED AREA. (a) A municipality may not annex a part of a defined area in a district that has adopted a plan for the defined area under this subchapter unless:

(1) 90 percent or more of all facilities and infrastructure described by the plan has been installed and completed; and

(2) the municipality:

(A) annexes all of the defined area that is within the municipality's extraterritorial jurisdiction; and

(B) assumes the pro rata share of the bonded indebtedness of the annexed area.

(b) After the annexation occurs:

(1) the annexed area is not eligible to be a defined area under this subchapter; and

(2) the district may not impose in the annexed area a tax authorized for a defined area under this subchapter.

SECTION _____. Sections 51.537 and 54.813, Water Code, as added by this Act, apply only to the annexation of an area:

(1) that is not included in a municipal annexation plan under Section 43.052, Local Government Code, before the effective date of this Act; and

(2) for which the first statutorily required hearing on the annexation is held on or after the effective date of this Act.

SECTION _____. Sections 51.537(b) and 54.813(b), Water Code, as added by this Act, apply only to taxes imposed for a tax year beginning on or after January 1, 2006.