

By: Callegari

H.B. No. 1644

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the authority of a water control and improvement
3 district or a municipal utility district to enter into a contract to
4 convey property to another water district or water supply
5 corporation and the authority of a conservation and reclamation
6 district to acquire a certificate of convenience and necessity or
7 to acquire a facility or a right to use a facility.

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

9 SECTION 1. Subchapter D, Chapter 51, Water Code, is amended
10 by adding Section 51.150 to read as follows:

11 Sec. 51.150. CONTRACTS WITH OTHER DISTRICTS OR WATER SUPPLY
12 CORPORATIONS. (a) In this section, "authorized water district"
13 means a district created under Section 52(b)(1) or (2), Article
14 III, or Section 59, Article XVI, Texas Constitution.

15 (b) A district may enter into a contract with an authorized
16 water district or a water supply corporation that authorizes the
17 district to acquire, through the issuance of debt or other means,
18 and convey to the authorized water district or water supply
19 corporation all or part of a water supply, treatment, or
20 distribution system, a sanitary sewage collection or treatment
21 system, or works or improvements necessary for drainage of land in
22 the district. The contract may:

23 (1) permit the district to rehabilitate, repair,
24 maintain, improve, enlarge, or extend any existing facilities to be

1 conveyed to the authorized water district or water supply
2 corporation; or

3 (2) require the district to pay impact fees or other
4 fees to the authorized water district or water supply corporation
5 for capacity or service in facilities of the authorized water
6 district or water supply corporation.

7 (c) The contract entered into under Subsection (b) may
8 authorize the authorized water district or water supply corporation
9 to purchase the water, sewer, or drainage system from the district
10 through periodic payments to the district in amounts that, combined
11 with the net income of the district, are sufficient for the district
12 to pay the principal of and interest on any bonds of the district.
13 The contract may provide that the payments due under this
14 subsection:

15 (1) are payable from and secured by a pledge of all or
16 part of the revenues of the water, sewer, or drainage system;

17 (2) are payable from taxes to be imposed by the
18 authorized water district; or

19 (3) are payable from a combination of the revenues and
20 taxes described by Subdivisions (1) and (2).

21 (d) The contract may authorize the authorized water
22 district or water supply corporation to operate the water, sewer,
23 or drainage system conveyed by the district under Subsection (b).

24 (e) The contract may require the district to make available
25 to the authorized water district or water supply corporation all or
26 part of the raw or treated water to be used for the provision of
27 services within the district.

1 (f) If the contract provides for the water, sewer, or
2 drainage system to be conveyed to the authorized water district or
3 water supply corporation on or after the completion of
4 construction, the authorized water district or water supply
5 corporation may pay the district to provide water, sewer, or
6 drainage services to residents of the authorized water district or
7 customers of the water supply corporation.

8 (g) The contract may authorize the district to convey to the
9 authorized water district or water supply corporation at no cost a
10 water, sewer, or drainage system and require the authorized water
11 district or water supply corporation to use all or part of those
12 systems to provide retail service to customers within the district
13 in accordance with the laws of this state and any certificate of
14 convenience and necessity of the authorized water district or water
15 supply corporation.

16 (h) A contract under this section must be approved by a
17 majority vote of the governing bodies of the district and the
18 authorized water district or water supply corporation. If Section
19 52, Article III, or Section 59, Article XVI, Texas Constitution,
20 requires that qualified voters of the district approve the
21 imposition of a tax by the district or the authorized water
22 district, the district or the authorized water district shall call
23 an election for that purpose.

24 SECTION 2. Section 51.402, Water Code, is amended to read as
25 follows:

26 Sec. 51.402. AUTHORITY TO ISSUE BONDS OF DISTRICTS
27 OPERATING UNDER ARTICLE XVI, SECTION 59, OF THE TEXAS

1 CONSTITUTION. A district operating under Article XVI, Section 59,
2 of the Texas Constitution, may incur debt evidenced by the issuance
3 of bonds for any purpose authorized by this chapter, Chapter 49, or
4 other applicable laws, including debt which is necessary to provide
5 improvements and maintenance of improvements to achieve the
6 purposes for which the district was created.

7 SECTION 3. Subchapter D, Chapter 54, Water Code, is amended
8 by adding Section 54.2351 to read as follows:

9 Sec. 54.2351. CONTRACTS WITH OTHER DISTRICTS OR WATER
10 SUPPLY CORPORATIONS. (a) In this section, "authorized water
11 district" means a district created under Section 52(b)(1) or (2),
12 Article III, or Section 59, Article XVI, Texas Constitution.

13 (b) A district may enter into a contract with an authorized
14 water district or a water supply corporation that authorizes the
15 district to acquire, through the issuance of debt or other means,
16 and convey to the authorized water district or water supply
17 corporation all or part of a water supply, treatment, or
18 distribution system, a sanitary sewage collection or treatment
19 system, or works or improvements necessary for drainage of land in
20 the district. The contract may:

21 (1) permit the district to rehabilitate, repair,
22 maintain, improve, enlarge, or extend any existing facilities to be
23 conveyed to the authorized water district or water supply
24 corporation; or

25 (2) require the district to pay impact fees or other
26 fees to the authorized water district or water supply corporation
27 for capacity or service in facilities of the authorized water

1 district or water supply corporation.

2 (c) The contract entered into under Subsection (b) may
3 authorize the authorized water district or water supply corporation
4 to purchase the water, sewer, or drainage system from the district
5 through periodic payments to the district in amounts that, combined
6 with the net income of the district, are sufficient for the district
7 to pay the principal of and interest on any bonds of the district.
8 The contract may provide that the payments due under this
9 subsection:

10 (1) are payable from and secured by a pledge of all or
11 part of the revenues of the water, sewer, or drainage system;

12 (2) are payable from taxes to be imposed by the
13 authorized water district; or

14 (3) are payable from a combination of the revenues and
15 taxes described by Subdivisions (1) and (2).

16 (d) The contract may authorize the authorized water
17 district or water supply corporation to operate the water, sewer,
18 or drainage system conveyed by the district under Subsection (b).

19 (e) The contract may require the district to make available
20 to the authorized water district or water supply corporation all or
21 part of the raw or treated water to be used for the provision of
22 services within the district.

23 (f) If the contract provides for the water, sewer, or
24 drainage system to be conveyed to the authorized water district or
25 water supply corporation on or after the completion of
26 construction, the authorized water district or water supply
27 corporation may pay the district to provide water, sewer, or

1 drainage services to residents of the authorized water district or
2 customers of the water supply corporation.

3 (g) The contract may authorize the district to convey to the
4 authorized water district or water supply corporation at no cost a
5 water, sewer, or drainage system and require the authorized water
6 district or water supply corporation to use all or part of those
7 systems to provide retail service to customers within the district
8 in accordance with the laws of this state and any certificate of
9 convenience and necessity of the authorized water district or water
10 supply corporation.

11 (h) A contract under this section must be approved by a
12 majority vote of the governing bodies of the district and the
13 authorized water district or water supply corporation. If Section
14 52, Article III, or Section 59, Article XVI, Texas Constitution,
15 requires that qualified voters of the district approve the
16 imposition of a tax by the district or the authorized water
17 district, the district or the authorized water district shall call
18 an election for that purpose.

19 SECTION 4. Section 54.501, Water Code, is amended to read as
20 follows:

21 Sec. 54.501. ISSUANCE OF BONDS. The district may issue its
22 bonds for any purpose authorized by this chapter, Chapter 49, or
23 other applicable laws, including the purpose of purchasing,
24 constructing, acquiring, owning, operating, repairing, improving,
25 or extending any district works, improvements, facilities, plants,
26 equipment, and appliances needed to accomplish the purposes set
27 forth in Section 54.012 [~~of this code~~] for which a district shall be

1 created, including works, improvements, facilities, plants,
2 equipment, and appliances needed to provide a waterworks system,
3 sanitary sewer system, storm sewer system, and solid waste disposal
4 system.

5 SECTION 5. Section 49.218(a), Water Code, is amended to
6 read as follows:

7 (a) A district or water supply corporation may acquire an
8 interest in land, materials, waste grounds, easements,
9 rights-of-way, equipment, contract or permit rights or interests,
10 including a certificate of convenience and necessity, contractual
11 rights to use capacity in facilities and to acquire facilities and
12 other property, real or personal, considered necessary for the
13 purpose of accomplishing any one or more of the district's or water
14 supply corporation's purposes provided in this code or in any other
15 law. A district may utilize proceeds from the sale and issuance of
16 its bonds, notes, or other obligations to acquire the items
17 authorized by this section.

18 SECTION 6. The change in law made by this Act applies only
19 to a contract between a water control and improvement district or a
20 municipal utility district and another water district or water
21 supply corporation entered into on or after the effective date of
22 this Act. A contract entered into before the effective date of this
23 Act is covered by the law in effect on the date the contract was
24 entered into, and the former law is continued in effect for that
25 purpose.

26 SECTION 7. (a) Any contract entered into by a municipal
27 utility district or a water control and improvement district before

1 the effective date of this Act that provides that the district will
2 acquire and convey all or part of a water supply, treatment, or
3 distribution system, a sanitary sewage collection or treatment
4 system, or works or improvements necessary for drainage of land in
5 the district, to a district created under Section 52(b)(1) or (2),
6 Article III, or Section 59, Article XVI, Texas Constitution, or a
7 water supply corporation, is validated in all respects as if the
8 contract were entered into as authorized by law.

9 (b) This section does not apply to any contract that on the
10 effective date of this Act:

11 (1) is involved in litigation if the litigation
12 ultimately results in the contract being held invalid by a final
13 judgment of a court of competent jurisdiction; or

14 (2) has been held invalid by a final judgment of a
15 court of competent jurisdiction.

16 SECTION 8. This Act takes effect immediately if it receives
17 a vote of two-thirds of all the members elected to each house, as
18 provided by Section 39, Article III, Texas Constitution. If this
19 Act does not receive the vote necessary for immediate effect, this
20 Act takes effect September 1, 2005.