

By: Callegari

H.B. No. 1644

Substitute the following for H.B. No. 1644:

By: Bonnen

C.S.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.

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

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

9 Sec. 51.150. CONTRACTS WITH OTHER DISTRICTS OR WATER SUPPLY  
10 CORPORATIONS. (a) In this section, "authorized water district"  
11 means a district created under Section 52(b)(1) or (2), Article  
12 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

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

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

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

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

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

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

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

26           (f) If the contract provides for the water, sewer, or  
27 drainage system to be conveyed to the authorized water district or

1 water supply corporation on or after the completion of  
2 construction, the authorized water district or water supply  
3 corporation may pay the district to provide water, sewer, or  
4 drainage services to residents of the authorized water district or  
5 customers of the water supply corporation.

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

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

22 SECTION 2. Section 51.402, Water Code, is amended to read as  
23 follows:

24 Sec. 51.402. AUTHORITY TO ISSUE BONDS OF DISTRICTS  
25 OPERATING UNDER ARTICLE XVI, SECTION 59, OF THE TEXAS  
26 CONSTITUTION. A district operating under Article XVI, Section 59,  
27 of the Texas Constitution, may incur debt evidenced by the issuance

1 of bonds for any purpose authorized by this chapter, Chapter 49, or  
2 other applicable laws, including debt which is necessary to provide  
3 improvements and maintenance of improvements to achieve the  
4 purposes for which the district was created.

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

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

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

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

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

27 (c) The contract entered into under Subsection (b) may

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

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

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

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

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

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

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

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

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

17       SECTION 4. Section 54.501, Water Code, is amended to read as  
18 follows:

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

1 sanitary sewer system, storm sewer system, and solid waste disposal  
2 system.

3 SECTION 5. The change in law made by this Act applies only  
4 to a contract between a water control and improvement district or a  
5 municipal utility district and another water district or water  
6 supply corporation entered into on or after the effective date of  
7 this Act. A contract entered into before the effective date of this  
8 Act is covered by the law in effect on the date the contract was  
9 entered into, and the former law is continued in effect for that  
10 purpose.

11 SECTION 6. (a) Any contract entered into by a municipal  
12 utility district or a water control and improvement district before  
13 the effective date of this Act that provides that the district will  
14 acquire and convey all or part of a water supply, treatment, or  
15 distribution system, a sanitary sewage collection or treatment  
16 system, or works or improvements necessary for drainage of land in  
17 the district, to a district created under Section 52(b)(1) or (2),  
18 Article III, or Section 59, Article XVI, Texas Constitution, or a  
19 water supply corporation, is validated in all respects as if the  
20 contract were entered into as authorized by law.

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

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

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

1           SECTION 7. This Act takes effect immediately if it receives  
2 a vote of two-thirds of all the members elected to each house, as  
3 provided by Section 39, Article III, Texas Constitution. If this  
4 Act does not receive the vote necessary for immediate effect, this  
5 Act takes effect September 1, 2005.