

1-1 By: Callegari (Senate Sponsor - Lindsay) H.B. No. 1644  
1-2 (In the Senate - Received from the House May 11, 2005;  
1-3 May 13, 2005, read first time and referred to Committee on Natural  
1-4 Resources; May 18, 2005, reported favorably by the following vote:  
1-5 Yeas 7, Nays 0; May 18, 2005, sent to printer.)

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

1-8 relating to the authority of a water control and improvement  
1-9 district or a municipal utility district to enter into a contract to  
1-10 convey property to another water district or water supply  
1-11 corporation and the authority of a conservation and reclamation  
1-12 district to acquire a certificate of convenience and necessity or  
1-13 to acquire a facility or a right to use a facility.

1-14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-15 SECTION 1. Subchapter D, Chapter 51, Water Code, is amended  
1-16 by adding Section 51.150 to read as follows:

1-17 Sec. 51.150. CONTRACTS WITH OTHER DISTRICTS OR WATER SUPPLY  
1-18 CORPORATIONS. (a) In this section, "authorized water district"  
1-19 means a district created under Section 52(b)(1) or (2), Article  
1-20 III, or Section 59, Article XVI, Texas Constitution.

1-21 (b) A district may enter into a contract with an authorized  
1-22 water district or a water supply corporation that authorizes the  
1-23 district to acquire, through the issuance of debt or other means,  
1-24 and convey to the authorized water district or water supply  
1-25 corporation all or part of a water supply, treatment, or  
1-26 distribution system, a sanitary sewage collection or treatment  
1-27 system, or works or improvements necessary for drainage of land in  
1-28 the district. The contract may:

1-29 (1) permit the district to rehabilitate, repair,  
1-30 maintain, improve, enlarge, or extend any existing facilities to be  
1-31 conveyed to the authorized water district or water supply  
1-32 corporation; or

1-33 (2) require the district to pay impact fees or other  
1-34 fees to the authorized water district or water supply corporation  
1-35 for capacity or service in facilities of the authorized water  
1-36 district or water supply corporation.

1-37 (c) The contract entered into under Subsection (b) may  
1-38 authorize the authorized water district or water supply corporation  
1-39 to purchase the water, sewer, or drainage system from the district  
1-40 through periodic payments to the district in amounts that, combined  
1-41 with the net income of the district, are sufficient for the district  
1-42 to pay the principal of and interest on any bonds of the district.  
1-43 The contract may provide that the payments due under this  
1-44 subsection:

1-45 (1) are payable from and secured by a pledge of all or  
1-46 part of the revenues of the water, sewer, or drainage system;

1-47 (2) are payable from taxes to be imposed by the  
1-48 authorized water district; or

1-49 (3) are payable from a combination of the revenues and  
1-50 taxes described by Subdivisions (1) and (2).

1-51 (d) The contract may authorize the authorized water  
1-52 district or water supply corporation to operate the water, sewer,  
1-53 or drainage system conveyed by the district under Subsection (b).

1-54 (e) The contract may require the district to make available  
1-55 to the authorized water district or water supply corporation all or  
1-56 part of the raw or treated water to be used for the provision of  
1-57 services within the district.

1-58 (f) If the contract provides for the water, sewer, or  
1-59 drainage system to be conveyed to the authorized water district or  
1-60 water supply corporation on or after the completion of  
1-61 construction, the authorized water district or water supply  
1-62 corporation may pay the district to provide water, sewer, or  
1-63 drainage services to residents of the authorized water district or  
1-64 customers of the water supply corporation.

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

2-9 (h) A contract under this section must be approved by a  
 2-10 majority vote of the governing bodies of the district and the  
 2-11 authorized water district or water supply corporation. If Section  
 2-12 52, Article III, or Section 59, Article XVI, Texas Constitution,  
 2-13 requires that qualified voters of the district approve the  
 2-14 imposition of a tax by the district or the authorized water  
 2-15 district, the district or the authorized water district shall call  
 2-16 an election for that purpose.

2-17 SECTION 2. Section 51.402, Water Code, is amended to read as  
 2-18 follows:

2-19 Sec. 51.402. AUTHORITY TO ISSUE BONDS OF DISTRICTS  
 2-20 OPERATING UNDER ARTICLE XVI, SECTION 59, OF THE TEXAS  
 2-21 CONSTITUTION. A district operating under Article XVI, Section 59,  
 2-22 of the Texas Constitution, may incur debt evidenced by the issuance  
 2-23 of bonds for any purpose authorized by this chapter, Chapter 49, or  
 2-24 other applicable laws, including debt which is necessary to provide  
 2-25 improvements and maintenance of improvements to achieve the  
 2-26 purposes for which the district was created.

2-27 SECTION 3. Subchapter D, Chapter 54, Water Code, is amended  
 2-28 by adding Section 54.2351 to read as follows:

2-29 Sec. 54.2351. CONTRACTS WITH OTHER DISTRICTS OR WATER  
 2-30 SUPPLY CORPORATIONS. (a) In this section, "authorized water  
 2-31 district" means a district created under Section 52(b)(1) or (2),  
 2-32 Article III, or Section 59, Article XVI, Texas Constitution.

2-33 (b) A district may enter into a contract with an authorized  
 2-34 water district or a water supply corporation that authorizes the  
 2-35 district to acquire, through the issuance of debt or other means,  
 2-36 and convey to the authorized water district or water supply  
 2-37 corporation all or part of a water supply, treatment, or  
 2-38 distribution system, a sanitary sewage collection or treatment  
 2-39 system, or works or improvements necessary for drainage of land in  
 2-40 the district. The contract may:

2-41 (1) permit the district to rehabilitate, repair,  
 2-42 maintain, improve, enlarge, or extend any existing facilities to be  
 2-43 conveyed to the authorized water district or water supply  
 2-44 corporation; or

2-45 (2) require the district to pay impact fees or other  
 2-46 fees to the authorized water district or water supply corporation  
 2-47 for capacity or service in facilities of the authorized water  
 2-48 district or water supply corporation.

2-49 (c) The contract entered into under Subsection (b) may  
 2-50 authorize the authorized water district or water supply corporation  
 2-51 to purchase the water, sewer, or drainage system from the district  
 2-52 through periodic payments to the district in amounts that, combined  
 2-53 with the net income of the district, are sufficient for the district  
 2-54 to pay the principal of and interest on any bonds of the district.  
 2-55 The contract may provide that the payments due under this  
 2-56 subsection:

2-57 (1) are payable from and secured by a pledge of all or  
 2-58 part of the revenues of the water, sewer, or drainage system;

2-59 (2) are payable from taxes to be imposed by the  
 2-60 authorized water district; or

2-61 (3) are payable from a combination of the revenues and  
 2-62 taxes described by Subdivisions (1) and (2).

2-63 (d) The contract may authorize the authorized water  
 2-64 district or water supply corporation to operate the water, sewer,  
 2-65 or drainage system conveyed by the district under Subsection (b).

2-66 (e) The contract may require the district to make available  
 2-67 to the authorized water district or water supply corporation all or  
 2-68 part of the raw or treated water to be used for the provision of  
 2-69 services within the district.

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

3-8 (g) The contract may authorize the district to convey to the  
 3-9 authorized water district or water supply corporation at no cost a  
 3-10 water, sewer, or drainage system and require the authorized water  
 3-11 district or water supply corporation to use all or part of those  
 3-12 systems to provide retail service to customers within the district  
 3-13 in accordance with the laws of this state and any certificate of  
 3-14 convenience and necessity of the authorized water district or water  
 3-15 supply corporation.

3-16 (h) A contract under this section must be approved by a  
 3-17 majority vote of the governing bodies of the district and the  
 3-18 authorized water district or water supply corporation. If Section  
 3-19 52, Article III, or Section 59, Article XVI, Texas Constitution,  
 3-20 requires that qualified voters of the district approve the  
 3-21 imposition of a tax by the district or the authorized water  
 3-22 district, the district or the authorized water district shall call  
 3-23 an election for that purpose.

3-24 SECTION 4. Section 54.501, Water Code, is amended to read as  
 3-25 follows:

3-26 Sec. 54.501. ISSUANCE OF BONDS. The district may issue its  
 3-27 bonds for any purpose authorized by this chapter, Chapter 49, or  
 3-28 other applicable laws, including the purpose of purchasing,  
 3-29 constructing, acquiring, owning, operating, repairing, improving,  
 3-30 or extending any district works, improvements, facilities, plants,  
 3-31 equipment, and appliances needed to accomplish the purposes set  
 3-32 forth in Section 54.012 [~~of this code~~] for which a district shall be  
 3-33 created, including works, improvements, facilities, plants,  
 3-34 equipment, and appliances needed to provide a waterworks system,  
 3-35 sanitary sewer system, storm sewer system, and solid waste disposal  
 3-36 system.

3-37 SECTION 5. Section 49.218(a), Water Code, is amended to  
 3-38 read as follows:

3-39 (a) A district or water supply corporation may acquire an  
 3-40 interest in land, materials, waste grounds, easements,  
 3-41 rights-of-way, equipment, contract or permit rights or interests,  
 3-42 including a certificate of convenience and necessity, contractual  
 3-43 rights to use capacity in facilities and to acquire facilities and  
 3-44 other property, real or personal, considered necessary for the  
 3-45 purpose of accomplishing any one or more of the district's or water  
 3-46 supply corporation's purposes provided in this code or in any other  
 3-47 law. A district may utilize proceeds from the sale and issuance of  
 3-48 its bonds, notes, or other obligations to acquire the items  
 3-49 authorized by this section.

3-50 SECTION 6. The change in law made by this Act applies only  
 3-51 to a contract between a water control and improvement district or a  
 3-52 municipal utility district and another water district or water  
 3-53 supply corporation entered into on or after the effective date of  
 3-54 this Act. A contract entered into before the effective date of this  
 3-55 Act is covered by the law in effect on the date the contract was  
 3-56 entered into, and the former law is continued in effect for that  
 3-57 purpose.

3-58 SECTION 7. (a) Any contract entered into by a municipal  
 3-59 utility district or a water control and improvement district before  
 3-60 the effective date of this Act that provides that the district will  
 3-61 acquire and convey all or part of a water supply, treatment, or  
 3-62 distribution system, a sanitary sewage collection or treatment  
 3-63 system, or works or improvements necessary for drainage of land in  
 3-64 the district, to a district created under Section 52(b)(1) or (2),  
 3-65 Article III, or Section 59, Article XVI, Texas Constitution, or a  
 3-66 water supply corporation, is validated in all respects as if the  
 3-67 contract were entered into as authorized by law.

3-68 (b) This section does not apply to any contract that on the  
 3-69 effective date of this Act:

4-1 (1) is involved in litigation if the litigation  
4-2 ultimately results in the contract being held invalid by a final  
4-3 judgment of a court of competent jurisdiction; or

4-4 (2) has been held invalid by a final judgment of a  
4-5 court of competent jurisdiction.

4-6 SECTION 8. This Act takes effect immediately if it receives  
4-7 a vote of two-thirds of all the members elected to each house, as  
4-8 provided by Section 39, Article III, Texas Constitution. If this  
4-9 Act does not receive the vote necessary for immediate effect, this  
4-10 Act takes effect September 1, 2005.

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