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A BILL TO BE ENTITLED
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                                               AN ACT
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         relating to the ability of certain water supply or sewer service
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         corporations to dissolve and transfer assets to a municipality.
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                 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
         SECTION 1. Sections 67.001-67.017, Chapter 67, Water Code, are designated as Subchapter A, Chapter 67, Water Code, and a
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         subchapter heading is added to read as follows:
                 SECTION 2. Chapter 67 Water Col
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                                Chapter 67, Water Code, is amended by adding
         Subchapter B to read as follows:
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                                   SUBCHAPTER B.
                                                     DISSOLUTION
         Sec. 67.051. DEFINITION. In this subchapter, "executive director" means the executive director of the Texas Commission on
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         Environmental Quality.
Sec. 67.052. APPLICABILITY OF SUBCHAPTER.
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                                                                         This subchapter
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         applies only to a corporation and municipality located in a county:
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                        (1) with a population of 650,000 or more; and
                             adjacent to an international border.
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                        (2)
         Sec. 67.053. TRANSFER OF ASSETS AND LIABILITIES; REQUEST FOR DISSOLUTION ORDER. (a) A board may transfer to a municipality
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the corporation's assets and liabilities in accordance with the
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         corporation's written request for the municipality to take over the
        management of the corporation's water supply system.
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         (b) On favorable action of the municipality, the board shal notify the executive director and request an order of dissolution.
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                                                                           the board shall
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                 (c) The board shall provide the executive director with any
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         information or documentation the executive director requests to
        monitor the corporation's progress toward the complete transfer of its assets and liabilities to the municipality.

Sec. 67.054. ORDER OF DISSOLUTION; TRANSFER OF ASSETS AND LIABILITIES. (a) On receipt of the notice and request from the
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         corporation, the executive director shall investigate to verify
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         whether the parties have met all the necessary conditions for the
         transfer.
(b)
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                       After investigation, the executive director shall issue
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         an order of dissolution if the executive director determines:
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                        (1) the corporation is ready to be dissolved;
        (2) all of the corporation's assets and liabilities are ready to be transferred to the municipality for incorporation into the municipality's water system;
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                        (3)
                              the municipality
                                                       is prepared to accept
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         transfer; and
                       (4)
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                              the governing body of the municipality has adopted
         a resolution accepting the transfer.

(c) In issuing an order of dissolution under Subsection (b),
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         the executive director shall:
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                        (1) direct the board to provide to the municipality
         and the secretary of state all transfer documents, including all
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         deeds, easements, and bills of sale in the possession of the board, and any other information necessary or appropriate to transfer all
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         corporation assets and liabilities to the municipality;
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                        (2) order the corporation dissolved; and
         (3) order that all assets and liabilities of the corporation be transferred to the municipality for incorporation
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         into the municipality's water system.
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Haggerty (Senate Sponsor - Shapleigh)

(In the Senate - Received from the House May 16, 2005;

May 17, 2005, read first time and referred to Committee on Natural Resources; May 20, 2005, reported favorably by the following vote: Yeas 9, Nays 0; May 20, 2005, sent to printer.)

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1-63 1-64 H.B. No. 3527

dissolution under this section is not a contested case under

adoption

of

an

order

(d) The consideration and

Chapter 2001, Government Code.

H.B. No. 3527

(e) The order of dissolution issued under this section is wholly sufficient and effective to accomplish the dissolution of the corporation and the transfer of its assets and liabilities to the municipality.

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(f) The executive director shall file with the secretary of state and in the deed records of the county in which the corporation and municipality are located a certified copy of the order of dissolution issued under this section together with a certified copy of the resolution of the governing body of the municipality accepting the transfer.

Sec. 67.055. COLLECTION OF MONEY OWED THE CORPORATION. after the date the dissolution order is issued under Section 67.054, the municipality may collect all money owed the corporation

on the date the order is issued including:

(1) taxes, fees, or charges imposed by the corporation that were due and owing on the date of the dissolution order issued under Section 67.054; and

(2) the corporation's accounts receivable.

Sec. 67.056. RATES FOR SERVICE. (a) The municipality may charge county residents living in the service area formerly served by the corporation water supply rates that exceed the rates paid by water supply customers who are residents of the municipality if the higher rates are necessary or appropriate to fully cover the cost of service to the area, as determined by the municipality.

The water supply rates the municipality charges county living in the service area formerly served by the (b) residents corporation may include an amount necessary to recover:

(1) the costs of operation and maintenance of

water supply or improvements serving the area; and

(2) debt service, including the cost of loans accepted to improve the water supply system serving the area.

(c) Section 16.349 does not affect the amount of the fee

charged under this section.
 SECTION 3. (a) This section applies only to a water supply or sewer service corporation located in a county:

(1) with a population of 650,000 or more; and

(2) adjacent to an international border.

- (b) All acts, resolutions, orders, instruments, obligations, and proceedings of the body serving as the board of a water supply or sewer service corporation before the effective date of this Act are in all respects validated, ratified, approved, and confirmed as of the date they were taken, adopted, authorized, issued, entered into, or delivered and shall be treated as though they had originally been authorized and accomplished in accordance with law.
- An act, resolution, order, instrument, obligation, or (c) proceeding may be held invalid if the body serving as the board of a water supply or sewer service corporation acted with knowledge that the action was illegal.
- (d) This section does not apply to any matter that on the effective date of this Act:
- (1) is involved in litigation if in the course of the litigation the matter is held invalid by a final judgment of a court of competent jurisdiction; or
 (2) has been held invalid by a final judgment of a

court of competent jurisdiction.

SECTION 4. This Act takes effect immediately if it receives

a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2005.

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