

By: Lindsay

S.B. No. 901

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 and convey to the authorized water district or
16 water supply corporation all or part of a water supply, treatment,
17 or distribution system, a sanitary sewage collection or treatment
18 system, or works or improvements necessary for drainage of land in
19 the district. The contract may permit the district to
20 rehabilitate, repair, maintain, improve, enlarge, or extend any
21 existing facilities to be conveyed to the authorized water district
22 or water supply corporation.

23 (c) The contract entered into under Subsection (b) may
24 authorize the authorized water district or water supply corporation

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

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

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

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

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

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

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

27 (g) The contract may authorize the district to convey to the

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

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

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

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

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

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

5 (b) A district may enter into a contract with an authorized
6 water district or a water supply corporation that authorizes the
7 district to acquire and convey to the authorized water district or
8 water supply corporation all or part of a water supply, treatment,
9 or distribution system, a sanitary sewage collection or treatment
10 system, or works or improvements necessary for drainage of land in
11 the district. The contract may permit the district to
12 rehabilitate, repair, maintain, improve, enlarge, or extend any
13 existing facilities to be conveyed to the authorized water district
14 or water supply corporation.

15 (c) The contract entered into under Subsection (b) may
16 authorize the authorized water district or water supply corporation
17 to purchase the water, sewer, or drainage system from the district
18 through periodic payments to the district in amounts that, combined
19 with the net income of the district, are sufficient for the district
20 to pay the principal of and interest on any bonds of the district.
21 The contract may provide that the payments due under this
22 subsection:

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

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

27 (3) are payable from a combination of the revenues and

1 taxes described by Subdivisions (1) and (2).

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

5 (e) The contract may require the district to make available
6 to the authorized water district or water supply corporation all or
7 part of the raw or treated water to be used for the provision of
8 services within the district.

9 (f) If the contract provides for the water, sewer, or
10 drainage system to be conveyed to the authorized water district or
11 water supply corporation on or after the completion of
12 construction, the authorized water district or water supply
13 corporation may pay the district to provide water, sewer, or
14 drainage services to residents of the authorized water district or
15 customers of the water supply corporation.

16 (g) The contract may authorize the district to convey to the
17 authorized water district or water supply corporation at no cost a
18 water, sewer, or drainage system and require the authorized water
19 district or water supply corporation to use all or part of those
20 systems to provide retail service to customers within the district
21 in accordance with the laws of this state and any certificate of
22 convenience and necessity of the authorized water district or water
23 supply corporation.

24 (h) A contract under this section must be approved by a
25 majority vote of the governing bodies of the district and the
26 authorized water district or water supply corporation. If Section
27 52, Article III, or Section 59, Article XVI, Texas Constitution,

1 requires that qualified voters of the district approve the
2 imposition of a tax by the district or the authorized water
3 district, the district or the authorized water district shall call
4 an election for that purpose.

5 SECTION 4. Section 54.501, Water Code, is amended to read as
6 follows:

7 Sec. 54.501. ISSUANCE OF BONDS. The district may issue its
8 bonds for any purpose authorized by this chapter, Chapter 49, or
9 other applicable laws, including the purpose of purchasing,
10 constructing, acquiring, owning, operating, repairing, improving,
11 or extending any district works, improvements, facilities, plants,
12 equipment, and appliances needed to accomplish the purposes set
13 forth in Section 54.012 of this code for which a district shall be
14 created, including works, improvements, facilities, plants,
15 equipment, and appliances needed to provide a waterworks system,
16 sanitary sewer system, storm sewer system, and solid waste disposal
17 system.

18 SECTION 5. 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 6. (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 7. 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.