

1-1 By: Lindsay S.B. No. 901
1-2 (In the Senate - Filed March 3, 2005; March 14, 2005, read
1-3 first time and referred to Committee on Natural Resources;
1-4 May 4, 2005, reported favorably by the following vote: Yeas 9,
1-5 Nays 0; May 4, 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.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subchapter D, Chapter 51, Water Code, is amended
1-14 by adding Section 51.150 to read as follows:

1-15 Sec. 51.150. CONTRACTS WITH OTHER DISTRICTS OR WATER SUPPLY
1-16 CORPORATIONS. (a) In this section, "authorized water district"
1-17 means a district created under Section 52(b)(1) or (2), Article
1-18 III, or Section 59, Article XVI, Texas Constitution.

1-19 (b) A district may enter into a contract with an authorized
1-20 water district or a water supply corporation that authorizes the
1-21 district to acquire and convey to the authorized water district or
1-22 water supply corporation all or part of a water supply, treatment,
1-23 or distribution system, a sanitary sewage collection or treatment
1-24 system, or works or improvements necessary for drainage of land in
1-25 the district. The contract may permit the district to
1-26 rehabilitate, repair, maintain, improve, enlarge, or extend any
1-27 existing facilities to be conveyed to the authorized water district
1-28 or water supply corporation.

1-29 (c) The contract entered into under Subsection (b) may
1-30 authorize the authorized water district or water supply corporation
1-31 to purchase the water, sewer, or drainage system from the district
1-32 through periodic payments to the district in amounts that, combined
1-33 with the net income of the district, are sufficient for the district
1-34 to pay the principal of and interest on any bonds of the district.
1-35 The contract may provide that the payments due under this
1-36 subsection:

1-37 (1) are payable from and secured by a pledge of all or
1-38 part of the revenues of the water, sewer, or drainage system;

1-39 (2) are payable from taxes to be imposed by the
1-40 authorized water district; or

1-41 (3) are payable from a combination of the revenues and
1-42 taxes described by Subdivisions (1) and (2).

1-43 (d) The contract may authorize the authorized water
1-44 district or water supply corporation to operate the water, sewer,
1-45 or drainage system conveyed by the district under Subsection (b).

1-46 (e) The contract may require the district to make available
1-47 to the authorized water district or water supply corporation all or
1-48 part of the raw or treated water to be used for the provision of
1-49 services within the district.

1-50 (f) If the contract provides for the water, sewer, or
1-51 drainage system to be conveyed to the authorized water district or
1-52 water supply corporation on or after the completion of
1-53 construction, the authorized water district or water supply
1-54 corporation may pay the district to provide water, sewer, or
1-55 drainage services to residents of the authorized water district or
1-56 customers of the water supply corporation.

1-57 (g) The contract may authorize the district to convey to the
1-58 authorized water district or water supply corporation at no cost a
1-59 water, sewer, or drainage system and require the authorized water
1-60 district or water supply corporation to use all or part of those
1-61 systems to provide retail service to customers within the district
1-62 in accordance with the laws of this state and any certificate of
1-63 convenience and necessity of the authorized water district or water
1-64 supply corporation.

2-1 (h) A contract under this section must be approved by a
 2-2 majority vote of the governing bodies of the district and the
 2-3 authorized water district or water supply corporation. If Section
 2-4 52, Article III, or Section 59, Article XVI, Texas Constitution,
 2-5 requires that qualified voters of the district approve the
 2-6 imposition of a tax by the district or the authorized water
 2-7 district, the district or the authorized water district shall call
 2-8 an election for that purpose.

2-9 SECTION 2. Section 51.402, Water Code, is amended to read as
 2-10 follows:

2-11 Sec. 51.402. AUTHORITY TO ISSUE BONDS OF DISTRICTS
 2-12 OPERATING UNDER ARTICLE XVI, SECTION 59, OF THE TEXAS CONSTITUTION.
 2-13 A district operating under Article XVI, Section 59, of the Texas
 2-14 Constitution, may incur debt evidenced by the issuance of bonds for
 2-15 any purpose authorized by this chapter, Chapter 49, or other
 2-16 applicable laws, including debt which is necessary to provide
 2-17 improvements and maintenance of improvements to achieve the
 2-18 purposes for which the district was created.

2-19 SECTION 3. Subchapter D, Chapter 54, Water Code, is amended
 2-20 by adding Section 54.2351 to read as follows:

2-21 Sec. 54.2351. CONTRACTS WITH OTHER DISTRICTS OR WATER
 2-22 SUPPLY CORPORATIONS. (a) In this section, "authorized water
 2-23 district" means a district created under Section 52(b)(1) or (2),
 2-24 Article III, or Section 59, Article XVI, Texas Constitution.

2-25 (b) A district may enter into a contract with an authorized
 2-26 water district or a water supply corporation that authorizes the
 2-27 district to acquire and convey to the authorized water district or
 2-28 water supply corporation all or part of a water supply, treatment,
 2-29 or distribution system, a sanitary sewage collection or treatment
 2-30 system, or works or improvements necessary for drainage of land in
 2-31 the district. The contract may permit the district to
 2-32 rehabilitate, repair, maintain, improve, enlarge, or extend any
 2-33 existing facilities to be conveyed to the authorized water district
 2-34 or water supply corporation.

2-35 (c) The contract entered into under Subsection (b) may
 2-36 authorize the authorized water district or water supply corporation
 2-37 to purchase the water, sewer, or drainage system from the district
 2-38 through periodic payments to the district in amounts that, combined
 2-39 with the net income of the district, are sufficient for the district
 2-40 to pay the principal of and interest on any bonds of the district.
 2-41 The contract may provide that the payments due under this
 2-42 subsection:

2-43 (1) are payable from and secured by a pledge of all or
 2-44 part of the revenues of the water, sewer, or drainage system;

2-45 (2) are payable from taxes to be imposed by the
 2-46 authorized water district; or

2-47 (3) are payable from a combination of the revenues and
 2-48 taxes described by Subdivisions (1) and (2).

2-49 (d) The contract may authorize the authorized water
 2-50 district or water supply corporation to operate the water, sewer,
 2-51 or drainage system conveyed by the district under Subsection (b).

2-52 (e) The contract may require the district to make available
 2-53 to the authorized water district or water supply corporation all or
 2-54 part of the raw or treated water to be used for the provision of
 2-55 services within the district.

2-56 (f) If the contract provides for the water, sewer, or
 2-57 drainage system to be conveyed to the authorized water district or
 2-58 water supply corporation on or after the completion of
 2-59 construction, the authorized water district or water supply
 2-60 corporation may pay the district to provide water, sewer, or
 2-61 drainage services to residents of the authorized water district or
 2-62 customers of the water supply corporation.

2-63 (g) The contract may authorize the district to convey to the
 2-64 authorized water district or water supply corporation at no cost a
 2-65 water, sewer, or drainage system and require the authorized water
 2-66 district or water supply corporation to use all or part of those
 2-67 systems to provide retail service to customers within the district
 2-68 in accordance with the laws of this state and any certificate of
 2-69 convenience and necessity of the authorized water district or water

3-1 supply corporation.

3-2 (h) A contract under this section must be approved by a
 3-3 majority vote of the governing bodies of the district and the
 3-4 authorized water district or water supply corporation. If Section
 3-5 52, Article III, or Section 59, Article XVI, Texas Constitution,
 3-6 requires that qualified voters of the district approve the
 3-7 imposition of a tax by the district or the authorized water
 3-8 district, the district or the authorized water district shall call
 3-9 an election for that purpose.

3-10 SECTION 4. Section 54.501, Water Code, is amended to read as
 3-11 follows:

3-12 Sec. 54.501. ISSUANCE OF BONDS. The district may issue its
 3-13 bonds for any purpose authorized by this chapter, Chapter 49, or
 3-14 other applicable laws, including the purpose of purchasing,
 3-15 constructing, acquiring, owning, operating, repairing, improving,
 3-16 or extending any district works, improvements, facilities, plants,
 3-17 equipment, and appliances needed to accomplish the purposes set
 3-18 forth in Section 54.012 of this code for which a district shall be
 3-19 created, including works, improvements, facilities, plants,
 3-20 equipment, and appliances needed to provide a waterworks system,
 3-21 sanitary sewer system, storm sewer system, and solid waste disposal
 3-22 system.

3-23 SECTION 5. The change in law made by this Act applies only
 3-24 to a contract between a water control and improvement district or a
 3-25 municipal utility district and another water district or water
 3-26 supply corporation entered into on or after the effective date of
 3-27 this Act. A contract entered into before the effective date of this
 3-28 Act is covered by the law in effect on the date the contract was
 3-29 entered into, and the former law is continued in effect for that
 3-30 purpose.

3-31 SECTION 6. (a) Any contract entered into by a municipal
 3-32 utility district or a water control and improvement district before
 3-33 the effective date of this Act that provides that the district will
 3-34 acquire and convey all or part of a water supply, treatment, or
 3-35 distribution system, a sanitary sewage collection or treatment
 3-36 system, or works or improvements necessary for drainage of land in
 3-37 the district, to a district created under Subdivision (1) or (2),
 3-38 Subsection (b), Section 52, Article III, or Section 59, Article
 3-39 XVI, Texas Constitution, or a water supply corporation, is
 3-40 validated in all respects as if the contract were entered into as
 3-41 authorized by law.

3-42 (b) This section does not apply to any contract that on the
 3-43 effective date of this Act:

3-44 (1) is involved in litigation if the litigation
 3-45 ultimately results in the contract being held invalid by a final
 3-46 judgment of a court of competent jurisdiction; or

3-47 (2) has been held invalid by a final judgment of a
 3-48 court of competent jurisdiction.

3-49 SECTION 7. This Act takes effect immediately if it receives
 3-50 a vote of two-thirds of all the members elected to each house, as
 3-51 provided by Section 39, Article III, Texas Constitution. If this
 3-52 Act does not receive the vote necessary for immediate effect, this
 3-53 Act takes effect September 1, 2005.

3-54 * * * * *