

AN ACT

relating to the authority of a fresh water supply district to issue bonds or to enter into a contract to convey property to another water district or water supply corporation.

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

SECTION 1. Subchapter D, Chapter 53, Water Code, is amended by adding Section 53.105 to read as follows:

Sec. 53.105. CONTRACTS WITH OTHER DISTRICTS OR WATER SUPPLY CORPORATIONS. (a) In this section, "authorized water district" means a district created under Section 52(b)(1) or (2), Article III, or Section 59, Article XVI, Texas Constitution.

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

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

(2) require the district to pay impact fees or other

1 fees to the authorized water district or water supply corporation
2 for capacity or service in facilities of the authorized water
3 district or water supply corporation.

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

10 The contract may provide that the payments due under this
11 subsection:

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

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

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

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

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

25 (f) If the contract provides for the water, sewer, or
26 drainage system to be conveyed to the authorized water district or
27 water supply corporation on or after the completion of

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

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

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

21 SECTION 2. Section 53.171(a), Water Code, is amended to
22 read as follows:

23 (a) A district may issue bonds to secure indebtedness for
24 any purpose authorized by this chapter, Chapter 49, or other
25 applicable laws.

26 SECTION 3. This Act takes effect September 1, 2007.

President of the Senate

Speaker of the House

I certify that H.B. No. 713 was passed by the House on April 12, 2007, by the following vote: Yeas 139, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 713 was passed by the Senate on May 22, 2007, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor