

1-1 By: Callegari (Senate Sponsor - Seliger) H.B. No. 713  
1-2 (In the Senate - Received from the House April 16, 2007;  
1-3 April 17, 2007, read first time and referred to Committee on  
1-4 Natural Resources; May 11, 2007, reported favorably by the  
1-5 following vote: Yeas 9, Nays 0; May 11, 2007, sent to printer.)

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

1-8 relating to the authority of a fresh water supply district to issue  
1-9 bonds or to enter into a contract to convey property to another  
1-10 water district or water supply corporation.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Subchapter D, Chapter 53, Water Code, is amended  
1-13 by adding Section 53.105 to read as follows:

1-14 Sec. 53.105. CONTRACTS WITH OTHER DISTRICTS OR WATER SUPPLY  
1-15 CORPORATIONS. (a) In this section, "authorized water district"  
1-16 means a district created under Section 52(b)(1) or (2), Article  
1-17 III, or Section 59, Article XVI, Texas Constitution.

1-18 (b) A district may enter into a contract with an authorized  
1-19 water district or a water supply corporation that authorizes the  
1-20 district to acquire, through the issuance of debt or other means,  
1-21 and convey to the authorized water district or water supply  
1-22 corporation all or part of a water supply, treatment, or  
1-23 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:

1-26 (1) permit the district to rehabilitate, repair,  
1-27 maintain, improve, enlarge, or extend any existing facilities to be  
1-28 conveyed to the authorized water district or water supply  
1-29 corporation; or

1-30 (2) require the district to pay impact fees or other  
1-31 fees to the authorized water district or water supply corporation  
1-32 for capacity or service in facilities of the authorized water  
1-33 district or water supply corporation.

1-34 (c) The contract entered into under Subsection (b) may  
1-35 authorize the authorized water district or water supply corporation  
1-36 to purchase the water, sewer, or drainage system from the district  
1-37 through periodic payments to the district in amounts that, combined  
1-38 with the net income of the district, are sufficient for the district  
1-39 to pay the principal of and interest on any bonds of the district.  
1-40 The contract may provide that the payments due under this  
1-41 subsection:

1-42 (1) are payable from and secured by a pledge of all or  
1-43 part of the revenue of the water, sewer, or drainage system;

1-44 (2) are payable from taxes to be imposed by the  
1-45 authorized water district; or

1-46 (3) are payable from a combination of the revenue and  
1-47 taxes described by Subdivisions (1) and (2).

1-48 (d) The contract may authorize the authorized water  
1-49 district or water supply corporation to operate the water, sewer,  
1-50 or drainage system conveyed by the district under Subsection (b).

1-51 (e) The contract may require the district to make available  
1-52 to the authorized water district or water supply corporation all or  
1-53 part of the raw or treated water to be used for the provision of  
1-54 services in the district.

1-55 (f) If the contract provides for the water, sewer, or  
1-56 drainage system to be conveyed to the authorized water district or  
1-57 water supply corporation on or after the completion of  
1-58 construction, the authorized water district or water supply  
1-59 corporation may pay the district to provide water, sewer, or  
1-60 drainage services to residents of the authorized water district or  
1-61 customers of the water supply corporation.

1-62 (g) The contract may authorize the district to convey to the  
1-63 authorized water district or water supply corporation at no cost a  
1-64 water, sewer, or drainage system and require the authorized water

2-1 district or water supply corporation to use all or part of those  
2-2 systems to provide retail service to customers in the district in  
2-3 accordance with the laws of this state and any certificate of  
2-4 convenience and necessity of the authorized water district or water  
2-5 supply corporation.

2-6 (h) A contract under this section must be approved by a  
2-7 majority vote of the governing bodies of the district and the  
2-8 authorized water district or water supply corporation. If Section  
2-9 52, Article III, or Section 59, Article XVI, Texas Constitution,  
2-10 requires that qualified voters of the district approve the  
2-11 imposition of a tax by the district or the authorized water  
2-12 district, the district or the authorized water district shall call  
2-13 an election for that purpose.

2-14 SECTION 2. Section 53.171(a), Water Code, is amended to  
2-15 read as follows:

2-16 (a) A district may issue bonds to secure indebtedness for  
2-17 any purpose authorized by this chapter, Chapter 49, or other  
2-18 applicable laws.

2-19 SECTION 3. This Act takes effect September 1, 2007.

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