

Amend CSHB 3335 (Senate committee report) as follows:

(1) Insert the following appropriately numbered SECTIONS to the bill:

SECTION \_\_. Section 54.016(f), Water Code, is amended to read as follows:

(f) This subsection does not apply to a city or a district that is located in whole or in part in a county with a population of more than 3.3 million or a county adjacent to a county with a population of more than 3.3 million. A city may provide in its written consent for the inclusion of land in a district that a contract ("allocation agreement") between the district and the city be entered into prior to the first issue of bonds, notes, warrants, or other obligations of the district. The allocation agreement shall contain the following provisions:

(1) a method by which the district shall continue to exist following the annexation of all territory within the district by the city, if the district is initially located outside the corporate limits of the city;

(2) an allocation of the taxes or revenues of the district or the city which will assure that, following the date of the inclusion of all the district's territory within the corporate limits of the city, the total annual ad valorem taxes collected by the city and the district from taxable property within the district does not exceed an amount greater than the city's ad valorem tax upon such property;

(3) an allocation of governmental services to be provided by the city or the district following the date of the inclusion of all of the district's territory within the corporate limits of the city;

(4) such other terms and conditions as may be deemed appropriate by the city.

SECTION \_\_. The legislature finds that an agreement entered into prior to the effective date of this Act between a municipality and a municipal utility district that are located in whole or in part in a county with a population of more than 3.3 million or a county adjacent to a county with a population of more than 3.3 million is an allocation agreement only if the agreement strictly

complies with the requirements of Section 54.016(f), Water Code, and is identified as an "allocation agreement" by specific reference in the agreement to Section 54.016(f), Water Code.

(2) Renumber SECTIONS of the bill appropriately.