

AN ACT

relating to the applicability of provisions concerning bond approval by the Texas Commission on Environmental Quality to certain water entities.

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

SECTION 1. Sections 49.181(a) and (h), Water Code, are amended to read as follows:

(a) A district may not issue bonds unless the commission determines that the project to be financed by the bonds is feasible and issues an order approving the issuance of the bonds. This section does not apply to:

(1) refunding bonds if the commission issued an order approving the issuance of the bonds or notes that originally financed the project;

(2) refunding bonds that are issued by a district under an agreement between the district and a municipality allowing the issuance of the district's bonds to refund bonds issued by the municipality to pay the cost of financing facilities;

(3) bonds issued to and approved by the Farmers Home Administration, the United States Department of Agriculture, the North American Development Bank, or the Texas Water Development Board; ~~[or]~~

(4) refunding bonds issued to refund bonds described by Subdivision (3); or

1 (5) bonds issued by a public utility agency created
2 under Chapter 572, Local Government Code, any of the public
3 entities participating in which are districts if at least one of
4 those districts is a district described by Subsection (h)(1)(E).

5 (h) This section does not apply to:

6 (1) a district if:

7 (A) [~~(1)~~] the district's boundaries include one
8 entire county;

9 (B) [~~(2)~~] the district was created by a special
10 Act of the legislature and:

11 (i) [~~(A)~~] the district is located entirely
12 within one county;

13 (ii) [~~(B)~~] the district is located entirely
14 within one or more home-rule municipalities;

15 (iii) [~~(C)~~] the total taxable value of the
16 real property and improvements to the real property zoned by one or
17 more home-rule municipalities for residential purposes and located
18 within the district does not exceed 25 percent of the total taxable
19 value of all taxable property in the district, as shown by the most
20 recent certified appraisal tax roll prepared by the appraisal
21 district for the county; and

22 (iv) [~~(D)~~] the district was not required by
23 law to obtain commission approval of its bonds before the effective
24 date of this section;

25 (C) [~~(3)~~] the district is a special water
26 authority;

27 (D) [~~(4)~~] the district is governed by a board of

1 directors appointed in whole or in part by the governor, a state
2 agency, or the governing body or chief elected official of a
3 municipality or county and does not provide, or propose to provide,
4 water, sewer, drainage, reclamation, or flood control services to
5 residential retail or commercial customers as its principal
6 function; or

7 (E) [~~(5)~~] the district on September 1, 2003:

8 (i) [~~(A)~~] is a municipal utility district
9 that includes territory in only two counties;

10 (ii) [~~(B)~~] has outstanding long-term
11 indebtedness that is rated BBB or better by a nationally recognized
12 rating agency for municipal securities; and

13 (iii) [~~(C)~~] has at least 5,000 active water
14 connections; or

15 (2) a public utility agency created under Chapter 572,
16 Local Government Code, any of the public entities participating in
17 which are districts if at least one of those districts is a district
18 described by Subdivision (1)(E).

19 SECTION 2. Section 49.052(f), Water Code, is amended to
20 read as follows:

21 (f) This section shall not apply to special water
22 authorities, districts described in Section 49.181(h)(1)(D)
23 [~~49.181(h)(4)~~], or a district where the principal function of the
24 district is to provide irrigation water to agricultural lands or to
25 provide nonpotable water for any purpose.

26 SECTION 3. Section 49.183(d), Water Code, is amended to
27 read as follows:

1 (d) A district's bonds are negotiable instruments within
2 the meaning and purposes of the Business & Commerce Code. A
3 district's bonds may be issued and bear interest in accordance with
4 Chapters 1201, 1204, and 1371, Government Code, and Subchapters
5 A-C, Chapter 1207, Government Code. Except for this subsection,
6 this section does not apply to special water authorities or
7 districts described in Section 49.181(h)(1)(D) [~~49.181(h)(4)~~].

8 SECTION 4. The change in law made by this Act does not apply
9 to bonds for which an application and report were submitted to the
10 Texas Commission on Environmental Quality under Section 49.181(b),
11 Water Code, before the effective date of this Act. Those bonds are
12 governed by the law as it existed immediately before the effective
13 date of this Act, and that law is continued in effect for that
14 purpose.

15 SECTION 5. This Act takes effect immediately if it receives
16 a vote of two-thirds of all the members elected to each house, as
17 provided by Section 39, Article III, Texas Constitution. If this
18 Act does not receive the vote necessary for immediate effect, this
19 Act takes effect September 1, 2011.

President of the Senate

Speaker of the House

I certify that H.B. No. 1901 was passed by the House on April 14, 2011, by the following vote: Yeas 142, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 1901 was passed by the Senate on May 12, 2011, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor