

1-1 By: Kefler (Senate Sponsor - Birdwell) H.B. No. 1901
1-2 (In the Senate - Received from the House April 18, 2011;
1-3 April 20, 2011, read first time and referred to Committee on
1-4 Natural Resources; May 4, 2011, reported favorably by the
1-5 following vote: Yeas 9, Nays 0; May 4, 2011, sent to printer.)

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

1-8 relating to the applicability of provisions concerning bond
1-9 approval by the Texas Commission on Environmental Quality to
1-10 certain water entities.

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

1-12 SECTION 1. Sections 49.181(a) and (h), Water Code, are
1-13 amended to read as follows:

1-14 (a) A district may not issue bonds unless the commission
1-15 determines that the project to be financed by the bonds is feasible
1-16 and issues an order approving the issuance of the bonds. This
1-17 section does not apply to:

1-18 (1) refunding bonds if the commission issued an order
1-19 approving the issuance of the bonds or notes that originally
1-20 financed the project;

1-21 (2) refunding bonds that are issued by a district
1-22 under an agreement between the district and a municipality allowing
1-23 the issuance of the district's bonds to refund bonds issued by the
1-24 municipality to pay the cost of financing facilities;

1-25 (3) bonds issued to and approved by the Farmers Home
1-26 Administration, the United States Department of Agriculture, the
1-27 North American Development Bank, or the Texas Water Development
1-28 Board; ~~or~~

1-29 (4) refunding bonds issued to refund bonds described
1-30 by Subdivision (3); or

1-31 (5) bonds issued by a public utility agency created
1-32 under Chapter 572, Local Government Code, any of the public
1-33 entities participating in which are districts if at least one of
1-34 those districts is a district described by Subsection (h)(1)(E).

1-35 (h) This section does not apply to:

1-36 (1) a district if:

1-37 (A) ~~(1)~~ the district's boundaries include one
1-38 entire county;

1-39 (B) ~~(2)~~ the district was created by a special
1-40 Act of the legislature and:

1-41 (i) ~~(A)~~ the district is located entirely
1-42 within one county;

1-43 (ii) ~~(B)~~ the district is located entirely
1-44 within one or more home-rule municipalities;

1-45 (iii) ~~(C)~~ the total taxable value of the
1-46 real property and improvements to the real property zoned by one or
1-47 more home-rule municipalities for residential purposes and located
1-48 within the district does not exceed 25 percent of the total taxable
1-49 value of all taxable property in the district, as shown by the most
1-50 recent certified appraisal tax roll prepared by the appraisal
1-51 district for the county; and

1-52 (iv) ~~(D)~~ the district was not required by
1-53 law to obtain commission approval of its bonds before the effective
1-54 date of this section;

1-55 (C) ~~(3)~~ the district is a special water
1-56 authority;

1-57 (D) ~~(4)~~ the district is governed by a board of
1-58 directors appointed in whole or in part by the governor, a state
1-59 agency, or the governing body or chief elected official of a
1-60 municipality or county and does not provide, or propose to provide,
1-61 water, sewer, drainage, reclamation, or flood control services to
1-62 residential retail or commercial customers as its principal
1-63 function; or

1-64 (E) ~~(5)~~ the district on September 1, 2003:

2-1 (i) [~~(A)~~] is a municipal utility district
2-2 that includes territory in only two counties;
2-3 (ii) [~~(B)~~] has outstanding long-term
2-4 indebtedness that is rated BBB or better by a nationally recognized
2-5 rating agency for municipal securities; and
2-6 (iii) [~~(C)~~] has at least 5,000 active water
2-7 connections; or
2-8 (2) a public utility agency created under Chapter 572,
2-9 Local Government Code, any of the public entities participating in
2-10 which are districts if at least one of those districts is a district
2-11 described by Subdivision (1)(E).

2-12 SECTION 2. Section 49.052(f), Water Code, is amended to
2-13 read as follows:

2-14 (f) This section shall not apply to special water
2-15 authorities, districts described in Section 49.181(h)(1)(D)
2-16 [~~49.181(h)(4)~~], or a district where the principal function of the
2-17 district is to provide irrigation water to agricultural lands or to
2-18 provide nonpotable water for any purpose.

2-19 SECTION 3. Section 49.183(d), Water Code, is amended to
2-20 read as follows:

2-21 (d) A district's bonds are negotiable instruments within
2-22 the meaning and purposes of the Business & Commerce Code. A
2-23 district's bonds may be issued and bear interest in accordance with
2-24 Chapters 1201, 1204, and 1371, Government Code, and Subchapters
2-25 A-C, Chapter 1207, Government Code. Except for this subsection,
2-26 this section does not apply to special water authorities or
2-27 districts described in Section 49.181(h)(1)(D) [~~49.181(h)(4)~~].

2-28 SECTION 4. The change in law made by this Act does not apply
2-29 to bonds for which an application and report were submitted to the
2-30 Texas Commission on Environmental Quality under Section 49.181(b),
2-31 Water Code, before the effective date of this Act. Those bonds are
2-32 governed by the law as it existed immediately before the effective
2-33 date of this Act, and that law is continued in effect for that
2-34 purpose.

2-35 SECTION 5. This Act takes effect immediately if it receives
2-36 a vote of two-thirds of all the members elected to each house, as
2-37 provided by Section 39, Article III, Texas Constitution. If this
2-38 Act does not receive the vote necessary for immediate effect, this
2-39 Act takes effect September 1, 2011.

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