

# SENATE AMENDMENTS

## 2<sup>nd</sup> Printing

By: J. Davis of Harris, et al.

H.B. No. 1324

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to exclusion of land from certain water districts that  
3 fail to provide service to the land; clarifying and limiting the  
4 authority of those districts with outstanding bonds payable from ad  
5 valorem taxes to impose taxes on excluded land.

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

7 SECTION 1. Section 49.3076, Water Code, is amended by  
8 amending Subsections (a), (b), (c), and (f) and adding Subsection  
9 (g-1) to read as follows:

10 (a) The board of a district that has a total area of more  
11 than 10,000 [~~5,000~~] acres shall call a hearing on the exclusion of  
12 land from the district on or before the 60th day after receiving a  
13 written petition filed with the secretary of the board by a  
14 landowner who owns [~~whose~~] land more than half the acreage of which  
15 has been included in and taxable by the district for more than 20  
16 [~~28~~] years if any bonds issued by the district payable in whole or  
17 in part from taxes of the district are outstanding and the petition:

18 (1) is [~~includes a~~] signed by [~~petition evidencing the~~  
19 ~~consent of~~] the owners of a majority of the acreage proposed to be  
20 excluded, as reflected by the most recent certified tax roll of the  
21 district;

22 (2) includes a claim that the district does [~~has~~] not  
23 provide [~~provided~~] the land with retail utility services;

24 (3) describes the property to be excluded; and

1           (4) provides facts necessary for the board to make the  
2 findings required by Subsection (b) [~~and~~  
3           ~~[(5) is filed before August 31, 2007]~~].

4           (b) The board of a district shall [~~may~~] exclude land under  
5 this section if [~~only on finding that~~]:

6           (1) the district does not provide [~~has never provided~~]  
7 retail utility service [~~services~~] to the land described by the  
8 petition;

9           (2) the district has imposed a tax on more than half  
10 the acreage of the land for at least 20 years [~~more than:~~

11           ~~[(A) 28 years if the board calls a hearing under~~  
12 ~~Subsection (a); or~~

13           ~~[(B) 40 years if the board calls a hearing under~~  
14 ~~Subsection (a-1)]; and~~

15           (3) all taxes the district has levied and assessed  
16 against the land and all fees and assessments the district has  
17 imposed against the land or the owner that are due and payable on or  
18 before the date of the petition are fully paid.

19           (c) Unless the district presents evidence at the hearing  
20 that conclusively demonstrates that the requirements and grounds  
21 for exclusion described by Subsection (a) [~~or (a-1), as~~  
22 ~~appropriate, and Subsection (b)] have not been met, the board shall  
23 enter an order excluding the land from the district and shall  
24 redefine in the order the boundaries of the district to embrace all  
25 land not excluded.~~

26           (f) After any land is excluded under this section, the  
27 district may issue any unissued additional debt approved by the

1 voters of the district before exclusion of the land under this  
2 section without holding a new election. Additional debt issued  
3 after land is excluded from the district may not be payable from  
4 taxes levied against and does not create a lien against the taxable  
5 value of the excluded land.

6 (g-1) This section does not apply to a district:

7 (1) whose primary activity is the wholesale supply of  
8 raw water; and

9 (2) that has fewer than 500 retail customers.

10 SECTION 2. Section 49.3077, Water Code, is amended to read  
11 as follows:

12 Sec. 49.3077. TAX LIABILITY OF EXCLUDED LAND; BONDS  
13 OUTSTANDING. (a) In this section:

14 (1) "Adjusted gross value" means the gross assessed  
15 value of property, as of January 1, including land, improvements,  
16 and personal property, as determined by the appraisal district for  
17 the tax year in which the determination is made, reduced by any  
18 state-mandated exemptions but not reduced for any exemptions from  
19 taxation that are within the discretion of the governing body of the  
20 district.

21 (2) "Carry costs" means interest calculated at an  
22 annual rate equal to the weighted average interest rate of the  
23 district debt that accrues on the excluded land's share of the  
24 district debt, with reductions for prior payments, from the later  
25 of the exclusion date or the last interest payment date for district  
26 debt for which district taxes have been levied and collected to the  
27 earlier of:

1           (A) the date of the final interest payment on  
2 district debt before the next delinquency for the district's tax  
3 collection; or

4           (B) the earliest dates on which an aggregate  
5 amount of district obligations equal to the district debt may be  
6 redeemed at the option of the district, provided the amount is paid  
7 in advance of any future district tax levy, using the redemption  
8 dates available for the district's outstanding obligations as of  
9 the exclusion date.

10           (3) "District debt" means the principal outstanding  
11 from time to time of the tax-supported debt of the district  
12 outstanding on the exclusion date, including debt used to refund  
13 district debt outstanding on the exclusion date.

14           (4) "Excluded land" means land that is excluded from a  
15 district under Section 49.3076.

16           (5) "Excluded land payment" means, with respect to  
17 excluded land, the sum of the excluded land's share of district debt  
18 plus the carry costs, less any taxes collected by the district under  
19 Subsection (b).

20           (6) "Excluded land's share of district debt" means the  
21 portion of the district debt that is calculated by multiplying the  
22 district debt by a fraction the numerator of which is the adjusted  
23 gross value of the excluded land on the exclusion date and the  
24 denominator of which is the adjusted gross value of all property in  
25 the district on the exclusion date.

26           (7) "Exclusion date" means the date that the owner  
27 files the petition requesting that the excluded land be excluded

1 from the district with the district secretary.

2 (8) "Termination date" means the earlier of:

3 (A) the date on which the amount of taxes  
4 collected from the excluded land equals the excluded land payment;  
5 and

6 (B) the date on which the excluded land payment  
7 is made in full.

8 (b) Excluded land that has been pledged as security for any  
9 outstanding debt of the district remains pledged for the excluded  
10 land's share of district debt until the excluded land payment is  
11 paid. A district is entitled to continue to levy and collect debt  
12 service taxes on the excluded land until the termination date at the  
13 same rate those taxes are levied on the land remaining in the  
14 district. From the exclusion date to the termination date, the  
15 excluded land remains in the district for the limited purpose of  
16 assessment and collection of such taxes. After the termination  
17 date, the excluded land is excluded from the district for all  
18 purposes, and the district may not levy any further tax on the  
19 excluded land.

20 (c) The district shall apply the taxes collected on the  
21 excluded land only to payment of the excluded land payment, which  
22 shall be reduced by the amount of taxes collected.

23 (d) A person is entitled to pay to the district the excluded  
24 land payment, in whole or in part, at any time on or after the  
25 exclusion date by delivering payment to the district tax  
26 assessor-collector. If partial payment is made, the payment is  
27 credited first against all carry costs due and owing, and any

1 remainder is credited against the excluded land's share of district  
2 debt. After a partial payment, carry costs must be calculated and  
3 assessed and collected only on the remaining excluded land's share  
4 of district debt. [~~Land excluded from a district under Section~~  
5 ~~49.3076 that is pledged as security for any outstanding debt of the~~  
6 ~~district remains pledged for its pro rata share of the debt until~~  
7 ~~final payment is made. The district shall continue to levy and~~  
8 ~~collect taxes on the excluded land at the same rate levied on land~~  
9 ~~remaining in the district until the amount of taxes collected from~~  
10 ~~the excluded land equals the land's pro rata share of the district's~~  
11 ~~debt outstanding at the time the land was excluded from the~~  
12 ~~district.~~

13 [~~(b) The district shall apply the taxes collected on the~~  
14 ~~excluded land only to the payment of the excluded land's pro rata~~  
15 ~~share of the debt.~~

16 [~~(c) The owner of any part of the excluded land may pay in~~  
17 ~~full the owner's share of the pro rata share of the district's debt~~  
18 ~~outstanding at the time the land is excluded.]~~

19 SECTION 3. Sections 49.312(a) and (c), Water Code, are  
20 amended to read as follows:

21 (a) Except as provided by Section 49.3077, upon [~~Upon~~]  
22 issuance of an order excluding property, that property is no longer  
23 a part of the district and is not entitled to water service from the  
24 district.

25 (c) Except as provided by Section 49.3077, once land is  
26 [~~Once~~] excluded, the landowner has no further liability to the  
27 district for future taxes, assessments, or other charges of the

1 district.

2 SECTION 4. Section 49.3076(a-1), Water Code, is repealed.

3 SECTION 5. Section 49.3076, Water Code, as amended by this  
4 Act, applies only to a petition for exclusion of land that is filed  
5 with a district on or after the effective date of this Act. A  
6 petition filed before the effective date of this Act is governed by  
7 the law in effect on the date the petition is filed, and that law  
8 continues in effect for that purpose.

9 SECTION 6. This Act takes effect immediately if it receives  
10 a vote of two-thirds of all the members elected to each house, as  
11 provided by Section 39, Article III, Texas Constitution. If this  
12 Act does not receive the vote necessary for immediate effect, this  
13 Act takes effect September 1, 2013.

ADOPTED

MAY 22 2013

*Shirley Good*  
Secretary

By: *Taylor*

H.B. No. 1324

Substitute the following for \_\_\_B. No. \_\_\_\_\_:

By: *Long*

C.S. \_\_\_B. No. \_\_\_\_\_

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to exclusion of land from certain water districts that  
3 fail to provide service to the land; clarifying and limiting the  
4 authority of those districts with outstanding bonds payable from ad  
5 valorem taxes to impose taxes on excluded land; providing for a  
6 financial review.

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

8 SECTION 1. Section 49.3076, Water Code, is amended by  
9 amending Subsections (a), (b), (c), (d), and (f) and adding  
10 Subsections (c-1) and (g-1) to read as follows:

11 (a) The board of a district that has a total area of more  
12 than 10,000 [~~5,000~~] acres shall call a hearing on the exclusion of  
13 land from the district on or before the 60th day after receiving a  
14 written petition filed with the secretary of the board by one or  
15 more owners of [~~a landowner whose~~] land more than half the acreage  
16 of which has been for more than 20 years included in and taxable by  
17 the district [~~for more than 28 years~~] if any bonds issued by the  
18 district payable in whole or in part from taxes of the district are  
19 outstanding and the petition:

20 (1) is [~~includes a~~] signed by [~~petition evidencing the~~  
21 ~~consent of~~] the owners of a majority of the acreage proposed to be  
22 excluded, as reflected by the most recent certified tax roll of the  
23 district;

24 (2) includes a claim that the district does [~~has~~] not



1 provide [~~provided~~] the land with retail utility services;  
2 (3) describes the property to be excluded; and  
3 (4) provides facts necessary for the board to make the  
4 findings required by Subsection (b) [~~, and~~  
5 [~~(5) is filed before August 31, 2007~~].  
6 (b) The board of a district shall [~~may~~] exclude land under  
7 this section if [~~only on finding that~~]:  
8 (1) the district does not provide [~~has never provided~~]  
9 retail utility service [~~services~~] to the land described by the  
10 petition;  
11 (2) the district has imposed a tax on more than half  
12 the acreage of the land for at least 20 years [~~more than~~  
13 [~~(A) 28 years if the board calls a hearing under~~  
14 ~~Subsection (a); or~~  
15 [~~(B) 40 years if the board calls a hearing under~~  
16 ~~Subsection (a-1)]~~]; and  
17 (3) all taxes the district has levied and assessed  
18 against the land and all fees and assessments the district has  
19 imposed against the land or the owner that are due and payable on or  
20 before the date of the petition are fully paid.  
21 (c) Subject to Subsection (c-1), unless [~~Unless~~] the  
22 district presents evidence at the hearing that conclusively  
23 demonstrates that the requirements and grounds for exclusion  
24 described by Subsection (a) [~~or (a-1), as appropriate, and~~  
25 ~~Subsection (b)~~] have not been met, the board shall enter an order  
26 excluding the land from the district and shall redefine in the order  
27 the boundaries of the district to embrace all land not excluded.

1        (c-1) If on or before the date of the exclusion hearing  
2 required by Subsection (a) the district and the owner or owners  
3 enter into an agreement for utility service to the land proposed to  
4 be excluded, the district is not required to enter an order  
5 excluding the land from the district. An owner of all or part of the  
6 land is not required to enter into a utility agreement that as of  
7 the date of the petition:

8            (1) is not comparable economically or in the level of  
9 service provided to the land to the owner's current source of  
10 utility service, as may be determined by the owner; or

11           (2) does not include all utility services required to  
12 serve the land.

13        (d) A copy of an order excluding land and redefining the  
14 boundaries of the district shall be filed in the deed records of  
15 each county in which the district is located and with the  
16 commission.

17        (f) After any land is excluded under this section, the  
18 district may issue any unissued additional debt approved by the  
19 voters of the district before exclusion of the land under this  
20 section without holding a new election. Additional debt issued  
21 after land is excluded from the district may not be payable from  
22 taxes levied against and does not create a lien against the taxable  
23 value of the excluded land.

24        (g-1) This section does not apply to a district:

25            (1) whose primary activity is the wholesale supply of  
26 raw water and that has fewer than 500 retail customers; or

27            (2) whose jurisdiction covers four counties and that

1 was created under Section 59, Article XVI, Texas Constitution.

2 SECTION 2. Section 49.3077, Water Code, is amended to read  
3 as follows:

4 Sec. 49.3077. TAX LIABILITY OF EXCLUDED LAND; BONDS  
5 OUTSTANDING. (a) In this section:

6 (1) "Adjusted gross value" means the gross assessed  
7 value of property, as of January 1, including land, improvements,  
8 and personal property, as determined by the appraisal district for  
9 the tax year in which the determination is made, reduced by any  
10 state-mandated exemptions but not reduced for any exemptions from  
11 taxation that are within the discretion of the governing body of the  
12 district.

13 (2) "Carry costs" means interest calculated at an  
14 annual rate equal to the weighted average interest rate of the  
15 district debt that accrues on the excluded land's share of the  
16 district debt, with reductions for prior payments, from the later  
17 of the exclusion date or the last interest payment date for district  
18 debt for which district taxes have been levied and collected to the  
19 earlier of:

20 (A) the date of the final interest payment on  
21 district debt before the next delinquency for the district's tax  
22 collection; or

23 (B) the earliest dates on which an aggregate  
24 amount of district obligations equal to the district debt may be  
25 paid at maturity or redeemed at the option of the district, provided  
26 the amount is paid in advance of any future district tax levy, using  
27 the redemption dates available for the district's outstanding

1 obligations as of the exclusion date.

2 (3) "District debt" means the principal outstanding  
3 from time to time of the tax-supported debt of the district  
4 outstanding on the exclusion date, including debt used to refund  
5 district debt outstanding on the exclusion date.

6 (4) "Excluded land" means land that is excluded from a  
7 district under Section 49.3076.

8 (5) "Excluded land payment" means, with respect to  
9 excluded land, the sum of the excluded land's share of district debt  
10 plus the carry costs, less any taxes collected by the district under  
11 Subsection (b).

12 (6) "Excluded land's share of district debt" means the  
13 portion of the district debt that is calculated by multiplying the  
14 district debt by a fraction the numerator of which is the adjusted  
15 gross value of the excluded land on the exclusion date and the  
16 denominator of which is the adjusted gross value of all property in  
17 the district on the exclusion date.

18 (7) "Exclusion date" means the date that the owner  
19 files the petition requesting that the excluded land be excluded  
20 from the district with the district secretary.

21 (8) "Termination date" means the earlier of:

22 (A) the date on which the amount of taxes  
23 collected from the excluded land equals the excluded land payment;  
24 or

25 (B) the date on which the excluded land payment  
26 is made in full.

27 (b) Excluded land that has been pledged as security for any

1 outstanding debt of the district remains pledged for the excluded  
2 land's share of district debt until the excluded land payment is  
3 paid. A district is entitled to continue to levy and collect debt  
4 service taxes on the excluded land until the termination date at the  
5 same rate those taxes are levied on the land remaining in the  
6 district. From the exclusion date to the termination date, the  
7 excluded land remains in the district for the limited purpose of  
8 assessment and collection of such taxes. After the termination  
9 date, the excluded land is excluded from the district for all  
10 purposes, and the district may not levy any further tax on the  
11 excluded land.

12 (c) The district shall apply the taxes collected on the  
13 excluded land only to payment of the excluded land payment, which  
14 shall be reduced by the amount of taxes collected.

15 (d) A person is entitled to pay to the district the excluded  
16 land payment, in whole or in part, at any time on or after the  
17 exclusion date by delivering payment to the district tax  
18 assessor-collector. If partial payment is made, the payment is  
19 credited first against all carry costs due and owing, and any  
20 remainder is credited against the excluded land's share of district  
21 debt. After a partial payment, carry costs must be calculated and  
22 assessed and collected only on the remaining excluded land's share  
23 of district debt. [~~Land excluded from a district under Section~~  
24 ~~49.3076 that is pledged as security for any outstanding debt of the~~  
25 ~~district remains pledged for its pro rata share of the debt until~~  
26 ~~final payment is made. The district shall continue to levy and~~  
27 ~~collect taxes on the excluded land at the same rate levied on land~~

1 ~~remaining in the district until the amount of taxes collected from~~  
2 ~~the excluded land equals the land's pro rata share of the district's~~  
3 ~~debt outstanding at the time the land was excluded from the~~  
4 ~~district.~~

5 ~~[(b) The district shall apply the taxes collected on the~~  
6 ~~excluded land only to the payment of the excluded land's pro rata~~  
7 ~~share of the debt.~~

8 ~~[(c) The owner of any part of the excluded land may pay in~~  
9 ~~full the owner's share of the pro rata share of the district's debt~~  
10 ~~outstanding at the time the land is excluded.]~~

11 SECTION 3. Subchapter J, Chapter 49, Water Code, is amended  
12 by adding Section 49.3078 to read as follows:

13 Sec. 49.3078. PETITION FOR EXCLUSION: ADDITIONAL DUTIES. A  
14 landowner who signs a petition for the exclusion of land that is  
15 filed with a district under Section 49.3076 must submit a copy of  
16 the petition to the commission. On receipt of a copy of a petition,  
17 the executive director shall review the most recent financial  
18 information for the applicable district, including current debt  
19 requirements, debt service cash flow, and proposed debt  
20 obligations, to confirm that an exclusion of land conducted in  
21 accordance with Sections 49.3076 and 49.3077 does not adversely  
22 affect the interests of district bondholders. The executive  
23 director shall notify the landowner and the district when the  
24 review is complete.

25 SECTION 4. Sections 49.312(a) and (c), Water Code, are  
26 amended to read as follows:

27 (a) Except as provided by Section 49.3077, on [Up on]

1 issuance of an order excluding property, that property is no longer  
2 a part of the district and is not entitled to water service from the  
3 district.

4 (c) Except as provided by Section 49.3077, once land is  
5 ~~Once~~ excluded, the landowner has no further liability to the  
6 district for future taxes, assessments, or other charges of the  
7 district.

8 SECTION 5. Section 49.3076(a-1), Water Code, is repealed.

9 SECTION 6. Section 49.3076, Water Code, as amended by this  
10 Act, applies only to a petition for exclusion of land that is filed  
11 with a district on or after the effective date of this Act. A  
12 petition filed before the effective date of this Act is governed by  
13 the law in effect on the date the petition is filed, and that law  
14 continues in effect for that purpose.

15 SECTION 7. This Act takes effect September 1, 2013.

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**May 23, 2013**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1324** by Davis, John (Relating to exclusion of land from certain water districts that fail to provide service to the land; clarifying and limiting the authority of those districts with outstanding bonds payable from ad valorem taxes to impose taxes on excluded land; providing for a financial review.), **As Passed 2nd House**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
--

The bill would amend Chapter 49 of the Water Code to specify procedures for excluding land from certain water districts that fail to provide service to the land, including requirements for tax liability and outstanding bonds. The bill would increase the total acreage from 5,000 to 10,000 that the board of a district would be required to call a hearing on an exclusion of land; and would reduce the number of years from 28 to 20 in which land has been included in and taxable by a district. Section 49.3076 would not apply to a district that supplies raw water wholesale; and has fewer than 500 retail customers.

The bill would specify that if land is excluded from the district, the district may only tax the excluded land for the purposes of funding the excluded land's share of the outstanding debt that could be paid in whole or in part at any time after the land is excluded. If a petition to exclude land is presented to a district, the landowner that signs the petition must also submit a copy to the Texas Commission on Environmental Quality (TCEQ) for review. Upon receipt of a petition for the exclusion of land, TCEQ would be required to review the most recent financial information for the applicable district and after review, must confirm that the exclusion of land does not adversely affect the interests of district bondholders. TCEQ would be required to notify the landowner and district that the review is complete.

TCEQ would need to adopt rules to address the review of an audit after the receipt of a petition to exclude land and review the financial information of a district if a petition is submitted and notify the parties when the review is complete.

The bill would repeal Section 49.3076 (a-1) of the Water Code.

The Texas State Soil and Water Conservation Board indicated no fiscal impact is anticipated. TCEQ indicated no significant fiscal implications are anticipated for the agency.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.



**Source Agencies:** 592 Soil and Water Conservation Board, 582 Commission on Environmental Quality

**LBB Staff:** UP, SD, SZ, TP

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**May 14, 2013**

**TO:** Honorable Troy Fraser, Chair, Senate Committee on Natural Resources

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1324** by Davis, John (Relating to exclusion of land from certain water districts that fail to provide service to the land; clarifying and limiting the authority of those districts with outstanding bonds payable from ad valorem taxes to impose taxes on excluded land; providing for a financial review.), **Committee Report 2nd House, Substituted**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
--

The bill would amend Chapter 49 of the Water Code to specify procedures for excluding land from certain water districts that fail to provide service to the land, including requirements for tax liability and outstanding bonds. The bill would increase the total acreage from 5,000 to 10,000 that the board of a district would be required to call a hearing on an exclusion of land; and would reduce the number of years from 28 to 20 in which land has been included in and taxable by a district. Section 49.3076 would not apply to a district that supplies raw water wholesale; and has fewer than 500 retail customers.

The bill would specify that if land is excluded from the district, the district may only tax the excluded land for the purposes of funding the excluded land's share of the outstanding debt that could be paid in whole or in part at any time after the land is excluded. If a petition to exclude land is presented to a district, the landowner that signs the petition must also submit a copy to the Texas Commission on Environmental Quality (TCEQ) for review. Upon receipt of a petition for the exclusion of land, TCEQ would be required to review the most recent financial information for the applicable district and after review, must confirm that the exclusion of land does not adversely affect the interests of district bondholders. TCEQ would be required to notify the landowner and district that the review is complete.

TCEQ would need to adopt rules to address the review of an audit after the receipt of a petition to exclude land and review the financial information of a district if a petition is submitted and notify the parties when the review is complete.

The bill would repeal Section 49.3076 (a-1) of the Water Code.

The Texas State Soil and Water Conservation Board indicated no fiscal impact is anticipated. TCEQ indicated no significant fiscal implications are anticipated for the agency.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 592 Soil and Water Conservation Board, 582 Commission on Environmental Quality

**LBB Staff:** UP, SZ, TP

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**May 13, 2013**

**TO:** Honorable Troy Fraser, Chair, Senate Committee on Natural Resources

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1324** by Davis, John (Relating to exclusion of land from certain water districts that fail to provide service to the land; clarifying and limiting the authority of those districts with outstanding bonds payable from ad valorem taxes to impose taxes on excluded land.), **As Engrossed**

<b>No fiscal implication to the State is anticipated.</b>
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The bill would amend the Water Code to specify procedures for excluding land from certain water districts that fail to provide service to the land, including requirements for tax liability and outstanding bonds. The bill would increase the total acreage from 5,000 to 10,000 that the board of a district would be required to call a hearing on an exclusion of land; and would reduce the number of years from 28 to 20 in which land has been included in and taxable by a district. Section 49.3076 would not apply to a district who supplies raw water wholesale; and has fewer than 500 retail customers.

The bill would repeal Section 49.3076 (a-1) of the Water Code.

According to the Texas State Soil and Water Conservation Board, no fiscal impact is anticipated.

**Local Government Impact**

According to the Colorado River Municipal Water District, the San Antonio River Authority, and the Northeast Texas Municipal Water District (NETMWD), no fiscal impact is anticipated. The NETMWD added that retail systems with little infrastructure in the affected area will likely only be affected in minor ways while systems closest to urban areas that have installed pipes and delivery systems in anticipation of densely populated areas emerging, may experience a greater impact.

**Source Agencies:** 592 Soil and Water Conservation Board

**LBB Staff:** UP, SZ, TP

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 12, 2013**

**TO:** Honorable Allan Ritter, Chair, House Committee on Natural Resources

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1324** by Davis, John (Relating to exclusion of land from certain water districts that fail to provide service to the land; clarifying and limiting the authority of those districts with outstanding bonds payable from ad valorem taxes to impose taxes on excluded land.),  
**Committee Report 1st House, Substituted**

<p><b>No fiscal implication to the State is anticipated.</b></p>
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The bill would amend the Water Code to specify procedures for excluding land from certain water districts that fail to provide service to the land, including requirements for tax liability and outstanding bonds. The bill would increase the total acreage from 5,000 to 10,000 that the board of a district would be required to call a hearing on an exclusion of land; and would reduce the number of years from 28 to 20 in which land has been included in and taxable by a district. Section 49.3076 would not apply to a district who supplies raw water wholesale; and has fewer than 500 retail customers.

The bill would repeal Section 49.3076 (a-1) of the Water Code.

According to the Texas State Soil and Water Conservation Board, no fiscal impact is anticipated.

**Local Government Impact**

According to the Colorado River Municipal Water District, the San Antonio River Authority, and the Northeast Texas Municipal Water District (NETMWD), no fiscal impact is anticipated. The NETMWD added that retail systems with little infrastructure in the affected area will likely only be affected in minor ways while systems closest to urban areas that have installed pipes and delivery systems in anticipation of densely populated areas emerging, may experience a greater impact.

**Source Agencies:** 592 Soil and Water Conservation Board

**LBB Staff:** UP, SZ, TP

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**March 14, 2013**

**TO:** Honorable Allan Ritter, Chair, House Committee On Natural Resources

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1324** by Davis, John (Relating to exclusion of land from certain water districts that fail to provide service to the land.), **As Introduced**

**No fiscal implication to the State is anticipated.**

The bill would amend the Water Code to specify procedures for excluding land from certain water districts that fail to provide service to the land, including requirements for tax liability and outstanding bonds. The bill would increase the total acreage from 5,000 to 10,000 that the board of a district would be required to call a hearing on an exclusion of land; and would reduce the number of years from 28 to 20 in which land has been included in and taxable by a district.

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**LBB Staff:** UP, SZ, TP