

Amend HB 200 (senate committee report) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION \_\_\_\_\_. Chapter 65, Water Code, is amended by adding Subchapter I to read as follows:

SUBCHAPTER I. DISSOLUTION OF CERTAIN DISTRICTS

Sec. 65.751. DEFINITIONS. In this subchapter, "district facilities" means tangible real and personal property, including plant and equipment, used for the delivery of potable water to customers. The term does not include money, securities, or financial instruments.

Sec. 65.752. APPLICABILITY. This subchapter applies to a district:

(1) with more than 5,000 customers and fewer than 10,000 customers;

(2) whose boundaries extend into three or more counties, one of which is adjacent to a county with a population of more than one million;

(3) that does not have any outstanding debt;

(4) that has conveyed all of its district facilities and operations to a municipality:

(A) with a population of less than 75,000; and

(B) located wholly in one county.

Sec. 65.753. CONDITIONS FOR DISSOLUTION. (a) The board may dissolve the district according to the procedure described by this subchapter if:

(1) the district no longer holds a certificate of convenience and necessity to provide water to customers in the district; and

(2) the board considers dissolution advisable.

(b) If at any time the board finds that the conditions of Subsection (a) are met, the board may issue a notice of hearing as provided by Section 65.754.

Sec. 65.754. NOTICE OF HEARING. (a) The board shall post notice of the hearing on the matter of dissolution of the district:

(1) on the door of the county courthouse in each county in which the district is located;

(2) at least two times in a newspaper of general circulation in the district; and

(3) in at least three other public places in the district.

(b) At least one publication and posting of notice must occur not later than the 14th day before the date the board has set for a hearing on the matter of dissolution of the district.

Sec. 65.755. HEARING. At the hearing, held at the time and place stated in the notice under Section 65.754, the board shall:

(1) hear all interested persons;

(2) consider whether the best interests of the persons and property in the district will be served by dissolving the district; and

(3) vote on whether to dissolve the district.

Sec. 65.756. ORDER. (a) If two-thirds of the members of the board vote to dissolve the district, the board shall enter a finding in its records that the district will be dissolved after completion of the process to transfer to a municipality the district's certificate of convenience and necessity and other assets and liabilities. After the district's certificate of convenience and necessity and other assets and liabilities are transferred to a municipality, the board shall enter an order in its records dissolving the district.

(b) If two-thirds of the members of the board do not vote to dissolve the district, the board shall enter an order in its records providing that the district is not to be dissolved.

Sec. 65.757. ASSUMPTION OF ASSETS AND LIABILITIES. (a) On the date the board enters a finding under Section 65.756(a) that the district will be dissolved, the municipality to which the district transferred the district facilities shall assume:

(1) all rights, duties, and obligations of the district, including existing contracts, duties, assets, property, easements, financial obligations, and liabilities of the district, to the extent that those rights, duties, and obligations were not previously assumed by the municipality by contractual agreement;

(2) all files, records, and accounts of the district, including those that pertain to the control, finances, management,

and operation of the district; and

(3) all permits, approvals, and licenses of the district.

(b) To the extent that the assumption of an item listed in Subsection (a) requires the approval of a state agency, the state agency shall grant approval without additional notice or hearing.

Sec. 65.758. JUDICIAL REVIEW. The board's order dissolving the district is final and is not subject to judicial review except on the grounds of fraud, palpable error, or gross abuse of discretion.

Sec. 65.759. EFFECT ON CONTRACT. Nothing in this subchapter shall be construed to affect the position of a contracting party or the administrative procedures to transfer or revoke a certificate of convenience and necessity.