

1-1 By: Gooden (Senate Sponsor - Hall) H.B. No. 1207  
 1-2 (In the Senate - Received from the House May 10, 2017;  
 1-3 May 10, 2017, read first time and referred to Committee on  
 1-4 Agriculture, Water & Rural Affairs; May 19, 2017, reported  
 1-5 adversely, with favorable Committee Substitute by the following  
 1-6 vote: Yeas 5, Nays 0; May 19, 2017, sent to printer.)

1-7 COMMITTEE VOTE

|      | Yea | Nay | Absent | PNV |
|------|-----|-----|--------|-----|
| 1-8  |     |     |        |     |
| 1-9  | X   |     |        |     |
| 1-10 | X   |     |        |     |
| 1-11 |     |     | X      |     |
| 1-12 | X   |     |        |     |
| 1-13 | X   |     |        |     |
| 1-14 |     |     | X      |     |
| 1-15 | X   |     |        |     |

1-16 COMMITTEE SUBSTITUTE FOR H.B. No. 1207 By: Rodríguez

1-17 A BILL TO BE ENTITLED  
 1-18 AN ACT

1-19 relating to the powers and duties of the Kaufman County Fresh Water  
 1-20 Supply District No. 1-A; providing authority to issue bonds and  
 1-21 levy assessments.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:  
 1-23 SECTION 1. Subtitle B, Title 6, Special District Local Laws  
 1-24 Code, is amended by adding Chapter 6916 to read as follows:

1-25 CHAPTER 6916. KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A  
 1-26 SUBCHAPTER A. GENERAL PROVISIONS

1-27 Sec. 6916.001. DEFINITIONS. In this chapter:

- 1-28 (1) "Board" means the district's board of directors.
- 1-29 (2) "Director" means a board member.
- 1-30 (3) "District" means the Kaufman County Fresh Water  
 1-31 Supply District No. 1-A.

1-32 Sec. 6916.002. NATURE OF DISTRICT. The district is a fresh  
 1-33 water supply district created under and essential to accomplish the  
 1-34 purposes of Section 52, Article III, and Section 59, Article XVI,  
 1-35 Texas Constitution.

1-36 Sec. 6916.003. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a)  
 1-37 The district is created to serve a public use and benefit.

1-38 (b) All land and other property included in the district  
 1-39 will benefit from the improvements and services to be provided by  
 1-40 the district under powers conferred by Sections 52 and 52-a,  
 1-41 Article III, and Section 59, Article XVI, Texas Constitution, and  
 1-42 other powers granted under this chapter.

1-43 (c) The creation of the district is in the public interest  
 1-44 and is essential to further the public purposes of:

- 1-45 (1) developing and diversifying the economy of the  
 1-46 state;
- 1-47 (2) eliminating unemployment and underemployment; and
- 1-48 (3) developing or expanding transportation and  
 1-49 commerce.

1-50 (d) The district will:

- 1-51 (1) promote the health, safety, and general welfare of  
 1-52 residents, employers, potential employees, employees, visitors,  
 1-53 and consumers in the district, and of the public;
- 1-54 (2) provide needed funding for the district to  
 1-55 preserve, maintain, and enhance the economic health and vitality of  
 1-56 the district territory as a community and business center; and
- 1-57 (3) promote the health, safety, welfare, and enjoyment  
 1-58 of the public by providing pedestrian ways and by landscaping and  
 1-59 developing certain areas in the district, which are necessary for  
 1-60 the restoration, preservation, and enhancement of scenic beauty.

2-1 (e) Pedestrian ways along or across a street, whether at  
2-2 grade or above or below the surface, and street lighting, street  
2-3 landscaping, vehicle parking, and street art objects are parts of  
2-4 and necessary components of a street and are considered to be an  
2-5 improvement project that includes a street or road improvement.

2-6 Sec. 6916.004. APPLICABILITY OF OTHER LAW. Except as  
2-7 otherwise provided by this chapter, the following laws apply to the  
2-8 district:

- 2-9 (1) Chapters 49, 51, and 53, Water Code;
- 2-10 (2) Chapters 372 and 375, Local Government Code; and
- 2-11 (3) Chapter 257, Transportation Code, and other  
2-12 general laws applicable to road districts created under Section 52,  
2-13 Article III, Texas Constitution, to the extent those provisions can  
2-14 apply to the district.

2-15 SUBCHAPTER B. POWERS AND DUTIES

2-16 Sec. 6916.051. AUTHORITY FOR ROAD PROJECTS. Under Section  
2-17 52, Article III, Texas Constitution, the district may design,  
2-18 acquire, construct, finance, issue bonds for, improve, operate,  
2-19 maintain, and convey to this state, a county, or a municipality for  
2-20 operation and maintenance macadamized, graveled, concreted, or  
2-21 paved roads, or improvements, including storm drainage, in aid of  
2-22 those roads.

2-23 Sec. 6916.052. ROAD STANDARDS AND REQUIREMENTS. (a) A road  
2-24 project must meet all applicable construction standards, zoning and  
2-25 subdivision requirements, and regulations of each municipality in  
2-26 whose corporate limits or extraterritorial jurisdiction the road  
2-27 project is located.

2-28 (b) If a road project is not located in the corporate limits  
2-29 or extraterritorial jurisdiction of a municipality, the road  
2-30 project must meet all applicable construction standards,  
2-31 subdivision requirements, and regulations of each county in which  
2-32 the road project is located.

2-33 (c) If the state will maintain and operate the road, the  
2-34 Texas Transportation Commission must approve the plans and  
2-35 specifications of the road project.

2-36 Sec. 6916.053. JOINT ROAD PROJECTS. (a) A district may  
2-37 contract with a state agency, political subdivision, or corporation  
2-38 created under Chapter 431, Transportation Code, for a joint road  
2-39 project.

2-40 (b) The contract may:  
2-41 (1) provide for joint payment of project costs; and  
2-42 (2) require the state agency, political subdivision,  
2-43 or corporation to design, construct, or improve a project,  
2-44 including landscaping, as provided by the contract.

2-45 Sec. 6916.054. EXEMPTION FROM CERTAIN SUPERVISION AND  
2-46 APPROVAL REQUIREMENTS. (a) The district may reimburse  
2-47 expenditures as provided by Sections 257.003(a) and (b),  
2-48 Transportation Code, without the approval required by Section  
2-49 257.003(c), Transportation Code.

2-50 (b) The district may reimburse expenditures for a project  
2-51 constructed or acquired under Section 6916.051 or 6916.053 without  
2-52 the approval required by Section 49.107(f), Water Code.

2-53 (c) Sections 49.181 and 49.182, Water Code, and Section  
2-54 375.208, Local Government Code, do not apply to:

- 2-55 (1) a project authorized by Section 6916.051 or  
2-56 6916.053;
- 2-57 (2) bonds issued for a project described by  
2-58 Subdivision (1); or
- 2-59 (3) bonds issued under Chapter 372, Local Government  
2-60 Code, as authorized by Section 6916.151(b).

2-61 Sec. 6916.055. ROAD CONTRACTS. The district may enter into  
2-62 a contract for a road project in the same manner as a road district  
2-63 under Chapter 257, Transportation Code, except that competitive  
2-64 bidding for a road project contract is governed by Subchapter I,  
2-65 Chapter 49, Water Code.

2-66 Sec. 6916.056. DIVISION OF DISTRICT. (a) The district may  
2-67 be divided into two or more new districts only if the district:

- 2-68 (1) has no outstanding bonded debt; and
- 2-69 (2) is not imposing ad valorem taxes.

3-1 (b) This chapter applies to any new district created by the  
 3-2 division of the district, and a new district has all the powers and  
 3-3 duties of the district.

3-4 (c) Any new district created by the division of the district  
 3-5 may not, at the time the new district is created, contain any land  
 3-6 outside the boundaries of the district as the boundaries exist on  
 3-7 the effective date of the Act enacting this chapter.

3-8 (d) The board, on its own motion or on receipt of a petition  
 3-9 signed by the owner or owners of a majority of the assessed value of  
 3-10 the real property in the district, may adopt an order dividing the  
 3-11 district.

3-12 (e) An order dividing the district must:

3-13 (1) name each new district;  
 3-14 (2) include the metes and bounds description of the  
 3-15 territory of each new district;

3-16 (3) appoint temporary directors for each new district;

3-17 and

3-18 (4) provide for the division of assets and liabilities  
 3-19 between or among the new districts.

3-20 (f) On or before the 30th day after the date of adoption of  
 3-21 an order dividing the district, the district shall file the order  
 3-22 with the Texas Commission on Environmental Quality and record the  
 3-23 order in the real property records of each county in which the  
 3-24 district is located.

3-25 (g) Any new district created by the division of the district  
 3-26 shall hold a confirmation and directors' election as required by  
 3-27 Chapter 49, Water Code.

3-28 (h) If the creation of the new district is confirmed, the  
 3-29 new district shall provide the election date and results to the  
 3-30 Texas Commission on Environmental Quality.

3-31 (i) Any new district created by the division of the district  
 3-32 must hold an election as required by this chapter to obtain voter  
 3-33 approval before the district may impose a maintenance tax or issue  
 3-34 bonds payable wholly or partly from ad valorem taxes.

#### 3-35 SUBCHAPTER C. GENERAL FINANCIAL PROVISIONS

3-36 Sec. 6916.101. ASSESSMENTS. (a) The district may impose an  
 3-37 assessment on property in the district to pay for an improvement  
 3-38 project or an obligation described by Section 6916.151 in the  
 3-39 manner provided for:

3-40 (1) a district under Subchapters A, E, and F, Chapter  
 3-41 375, Local Government Code; or

3-42 (2) a municipality or county under Subchapter A,  
 3-43 Chapter 372, Local Government Code.

3-44 (b) The district may impose an assessment for any district  
 3-45 operation and maintenance or authorized improvement or  
 3-46 supplemental service, including public safety services, in the  
 3-47 manner provided for:

3-48 (1) a district under Subchapters A, E, and F, Chapter  
 3-49 375, Local Government Code; or

3-50 (2) a municipality or county under Subchapter A,  
 3-51 Chapter 372, Local Government Code.

3-52 (c) The district may not impose an assessment on a  
 3-53 municipality, county, or other political subdivision.

3-54 Sec. 6916.102. RESIDENTIAL PROPERTY NOT EXEMPT. Section  
 3-55 375.161, Local Government Code, does not apply to the district.

#### 3-56 SUBCHAPTER D. BONDS

3-57 Sec. 6916.151. AUTHORITY TO ISSUE BONDS AND OTHER  
 3-58 OBLIGATIONS. (a) Subject to Subsections (e) and (f), the district  
 3-59 may issue bonds or other obligations to finance the construction,  
 3-60 maintenance, or operation of road projects authorized by Section  
 3-61 6916.051 or 6916.053.

3-62 (b) The district may issue, by public or private sale,  
 3-63 bonds, notes, or other obligations payable wholly or partly from  
 3-64 assessments in the manner provided by:

3-65 (1) Subchapter J, Chapter 375, Local Government Code;  
 3-66 or

3-67 (2) Subchapter A, Chapter 372, Local Government Code,  
 3-68 if an improvement project financed by an obligation issued under  
 3-69 this subsection will be conveyed to or operated and maintained by a

4-1 municipality or retail utility provider under an agreement between  
4-2 the district and the municipality or retail utility provider  
4-3 entered into before the issuance of the obligation.

4-4 (c) The district may issue by competitive bidding or  
4-5 negotiated sale bonds or other obligations, payable wholly or  
4-6 partly from any available revenue of the district, to pay for an  
4-7 improvement project.

4-8 (d) The district may issue by competitive bidding or  
4-9 negotiated sale bonds or other obligations, payable wholly or  
4-10 partly from any available revenue of the district or contract  
4-11 revenue from another district that is secured by ad valorem taxes  
4-12 imposed by or other revenue from the other district, to pay for a  
4-13 joint utility or road project.

4-14 (e) The district may not issue bonds or other obligations  
4-15 payable wholly or partly from ad valorem taxes to finance a road  
4-16 project unless the issuance is approved by a vote of a two-thirds  
4-17 majority of the district voters voting at an election held for that  
4-18 purpose.

4-19 (f) At the time of issuance, the total principal amount of  
4-20 bonds or other obligations issued or incurred to finance road  
4-21 projects and payable from ad valorem taxes may not exceed  
4-22 one-fourth of the assessed value of the real property in the  
4-23 district.

4-24 SECTION 2. (a) The following are validated and confirmed in  
4-25 all respects:

4-26 (1) the creation of the Kaufman County Fresh Water  
4-27 Supply District No. 1-A; and

4-28 (2) any act or proceeding of the district, including  
4-29 an election, not excepted by this section and taken not more than  
4-30 three years before the effective date of this Act, effective as of  
4-31 the date on which the act or proceeding occurred.

4-32 (b) This section does not apply to:

4-33 (1) an act, proceeding, director, other official,  
4-34 bond, or other obligation the validity of which or of whom is the  
4-35 subject of litigation that is pending on the effective date of this  
4-36 Act; or

4-37 (2) an act or proceeding that, under a statute of this  
4-38 state or the United States, was a misdemeanor or felony at the time  
4-39 the act or proceeding occurred.

4-40 SECTION 3. (a) The legal notice of the intention to  
4-41 introduce this Act, setting forth the general substance of this  
4-42 Act, has been published as provided by law, and the notice and a  
4-43 copy of this Act have been furnished to all persons, agencies,  
4-44 officials, or entities to which they are required to be furnished  
4-45 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
4-46 Government Code.

4-47 (b) The governor, one of the required recipients, has  
4-48 submitted the notice and Act to the Texas Commission on  
4-49 Environmental Quality.

4-50 (c) The Texas Commission on Environmental Quality has filed  
4-51 its recommendations relating to this Act with the governor, the  
4-52 lieutenant governor, and the speaker of the house of  
4-53 representatives within the required time.

4-54 (d) All requirements of the constitution and laws of this  
4-55 state and the rules and procedures of the legislature with respect  
4-56 to the notice, introduction, and passage of this Act are fulfilled  
4-57 and accomplished.

4-58 SECTION 4. This Act takes effect immediately if it receives  
4-59 a vote of two-thirds of all the members elected to each house, as  
4-60 provided by Section 39, Article III, Texas Constitution. If this  
4-61 Act does not receive the vote necessary for immediate effect, this  
4-62 Act takes effect September 1, 2017.

4-63 \* \* \* \* \*