By:  Creighton S.B. No. 2522

A BILL TO BE ENTITLED

AN ACT

relating to the notice given to purchasers of property within certain water districts.

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

SECTION 1.  Section 49.452, Water Code, is amended by amending subsection (a) to read as follows:

(a)  (1) Any person who proposes to sell or convey real property located in a district as defined by this subsection must give to the purchaser the written notices as provided in this section.

(2)  For the purposes of this section, "district" means a district that:

(A)  operates pursuant to Chapter 375, Local Government Code; or

(B)  is created under this title or by a special Act of the legislature,

(i)  that is providing or proposing to provide, as the district's principal function, water, sanitary sewer, drainage, and flood control or protection facilities or services, or any of these facilities or services that have been financed or are proposed to be financed with bonds of the district payable in whole or part from taxes of the district, or by imposition of a standby fee, if any, to household or commercial users, other than agricultural, irrigation, or industrial users, and

(ii) [~~which district~~] includes less than all the territory in at least one county and which, if located within the corporate area of a city, includes less than 75 percent of the incorporated area of the city or which is located outside the corporate area of a city in whole or in substantial part [~~, must first give to the purchaser the written notice provided in Section 49.4525 this section~~].

(3)~~(2)~~ The provisions of this section shall not be applicable to:

(A)  transfers of title under any type of lien foreclosure;

(B)  transfers of title by deed in cancellation of indebtedness secured by a lien upon the property conveyed;

(C)  transfers of title by reason of a will or probate proceedings; [~~or~~]

(D)  transfers of title to a governmental entity; or

(E)  transfers of title for the purpose of qualifying a director.

SECTION 2.  Subchapter M, Chapter 49, Water Code, is amended by adding Section 49.4525 to read as follows:

Sec. 49.4525.  FORM OF NOTICE. (a) The caption at the top of the prescribed notice shall be printed in bold, capitalized letters in a font that is 24 point or larger and shall read: "NOTICE TO PURCHASER OF SPECIAL TAXING OR ASSESSMENT DISTRICT."

(b)  The prescribed notice shall include the following statements as applicable to the district, as determined by the district. Statements not applicable to the district shall be omitted or edited for accuracy, as determined by the district.

(i)  "The real property that you are about to purchase is located in the \_\_\_\_\_\_\_\_\_\_ District and may be subject to district taxes or assessments."

(ii)  "The district may, subject to voter approval, levy taxes and issue bonds and levy an unlimited rate of tax in payment of such bonds."

(iii)  (A) "The current rate of the district property tax is $\_\_\_\_\_\_\_\_\_\_ on each $100 of assessed valuation."; or

(B)  "The district has not yet levied taxes, but the projected rate of the district property tax is $\_\_\_\_\_\_\_\_\_\_ on each $100 of assessed valuation."

(iv)  "The district may impose assessments and issue bonds and impose an assessment in payment of such bonds."

(v)    (A)  "The rate of the district assessment is $\_\_\_\_\_\_\_\_\_\_\_ on each $100 of assessed valuation."; or

(B)  "The amount of the district assessment on the real property that you are about to purchase is $\_\_\_\_\_\_\_\_\_\_."; or

(C)  "The district has not yet imposed an assessment, but the projected [rate] [amount] of assessment is $\_\_\_\_\_\_\_\_\_\_."

(vi)  "The total amounts of bonds payable in whole or in part from [property taxes] [assessments], [excluding [refunding bonds that are separately approved by the voters] and [any bonds or any portion of bonds issued that are payable solely from revenues received or expected to be received under a contract with a governmental entity]], approved by the voters are:

(A)  $\_\_\_\_\_\_\_\_\_\_ for water, sewer, and drainage facilities;

(B)  $\_\_\_\_\_\_\_\_\_\_ for road facilities;

(C)  $\_\_\_\_\_\_\_\_\_\_\_ for parks and recreational facilities; and

(D)  $\_\_\_\_\_\_\_\_\_\_ for \_\_\_\_\_\_\_\_\_\_ facilities."

(vii)  "The aggregate initial principal amounts of all such bonds issued are:

(A)  $\_\_\_\_\_\_\_\_\_\_ for water, sewer, and drainage facilities;

(B)  $\_\_\_\_\_\_\_\_\_\_ for road facilities;

(C)  $\_\_\_\_\_\_\_\_\_\_\_ for parks and recreational facilities; and

(D)  $\_\_\_\_\_\_\_\_\_\_ for \_\_\_\_\_\_\_\_\_\_ facilities."

(ix)  "The district sought and obtained approval of the Texas Commission on Environmental Quality to adopt and impose a standby fee. The amount of the standby fee is $\_\_\_\_\_\_\_\_\_\_. An unpaid standby fee is a personal obligation of the person that owned the property at the time of imposition and is secured by a lien on the property. Any person may request a certificate from the district stating the amount, if any, of unpaid standby fees on a tract of property in the district."

(x)    (A)  "The district is located in whole or in part in the extraterritorial jurisdiction of the City of \_\_\_\_\_\_\_\_\_\_. Texas law governs the ability of a municipality to annex property in the extraterritorial jurisdiction and whether a district that is annexed is dissolved."; or

(B)  "The district is located in whole or in part within the corporate boundaries of the City of \_\_\_\_\_\_\_\_\_\_. The city and the district overlap, but may not provide duplicate services or improvements. Property located in the city and the district is subject to taxation by the city and the district."

(xi)  "The district has entered into a strategic partnership agreement with the City of \_\_\_\_\_\_\_\_\_\_\_. This agreement may address the timeframe, process, and procedures for the municipal annexation of the area of the district."

(xii)  "The purpose of the district is to provide [[water,] [sewer,] [drainage,] [flood control,] [fire-fighting,] [road,] [park and recreational,] or [\_\_\_\_\_\_\_\_\_\_\_\_ ]] facilities and services. The cost of district facilities is not included in the purchase price of your property."

(xiii)  "PURCHASER IS ADVISED THAT THE INFORMATION SHOWN ON THIS FORM IS SUBJECT TO CHANGE BY THE DISTRICT AT ANY TIME. THE DISTRICT ANNUALLY ESTABLISHES TAX RATES. PURCHASER IS ADVISED TO CONTACT THE DISTRICT TO DETERMINE THE STATUS OF ANY CURRENT OR PROPOSED CHANGES TO THE INFORMATION SHOWN ON THIS FORM."

"The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or prior to execution of a binding contract for the purchase of the real property or at closing of purchase of the real property."

(d)  The notice shall be dated and executed by the seller and the purchaser.

(e)  If the law is amended and causes inaccuracies in the content of the notice, the district shall revise the content of the notice to accurately reflect current law.

SECTION 3.  Section 49.453, Water Code, is amended to add subsection (e) to read as follows:

(e)  A district required by Section 26.18, Tax Code, to maintain an Internet website or have access to a generally accessible Internet website for the purposes of that section, shall post or cause to be posted on the Internet the district's form of notice to purchasers under Section 49.4525.

SECTION 4.  Subsection 49.455(c), Water Code, is amended to read as follows:

(c)  The information form [~~and map or plat required by this section~~] shall be signed by a majority of the members of the board and by each such officer affirmed and acknowledged before it is filed with the county clerk, and each amendment made to an information form [~~or map~~] shall also be signed by the members of the board and by each such officer affirmed and acknowledged before it is filed with the county clerk.

SECTION 5.  (1) Subsections 49.452(b),(c),(d), and (e) are repealed.

(2)  Subsections 49.455(f) and (h) are repealed.

SECTION 6.  This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2023.