

AN ACT

1
2 relating to notice provided to purchasers of property and
3 information filed with the county clerk by certain special
4 districts.

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

6 SECTION 1. Section 49.452, Water Code, is amended by
7 amending Subsection (a) and adding Subsections (a-1) and (a-2) to
8 read as follows:

9 (a) In this section, "district" means a district:

10 (1) governed by Chapter 375, Local Government Code; or

11 (2) [~~(1) Any person who proposes to sell or convey~~
12 ~~real property located in a district~~] created under this title or by
13 a special Act of the legislature that:

14 (A) is providing or proposing to provide, as the
15 district's principal function, water, sanitary sewer, drainage,
16 and flood control or protection facilities or services, or any of
17 these facilities or services that have been financed or are
18 proposed to be financed with bonds of the district payable in whole
19 or part from taxes of the district, or by imposition of a standby
20 fee, if any, to household or commercial users, other than
21 agricultural, irrigation, or industrial users; ~~[7]~~ and

22 (B) [~~which district~~] includes less than all the
23 territory in at least one county and which, if located within the
24 corporate area of a city, includes less than 75 percent of the

1 incorporated area of the city or which is located outside the
2 corporate area of a city in whole or in substantial part [~~7~~, ~~must~~
3 ~~first give to the purchaser the written notice provided in this~~
4 ~~section~~].

5 (a-1) A person who proposes to sell or convey real property
6 located in a district must give to the purchaser the written notice
7 as provided by this section and Section 49.4521.

8 (a-2) [~~(2)~~] The provisions of this section are [~~shall~~] not
9 [~~be~~] applicable to:

10 (1) [~~(A)~~] transfers of title under any type of lien
11 foreclosure;

12 (2) [~~(B)~~] transfers of title by deed in cancellation
13 of indebtedness secured by a lien upon the property conveyed;

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

16 (4) [~~(D)~~] transfers of title to a governmental entity;
17 or

18 (5) transfers of title for the purpose of qualifying a
19 director.

20 SECTION 2. Subchapter M, Chapter 49, Water Code, is amended
21 by adding Section 49.4521 to read as follows:

22 Sec. 49.4521. PRESCRIBED NOTICE TO PURCHASERS. (a) A
23 notice to a purchaser provided under Section 49.452 must include:

24 (1) a title caption in at least a 24-point, bold font
25 stating "NOTICE TO PURCHASER OF SPECIAL TAXING OR ASSESSMENT
26 DISTRICT"; and

27 (2) the following statements, as applicable to the

1 district:

2 (A) "The real property that you are about to
3 purchase is located in the (insert name of district) and may be
4 subject to district taxes or assessments.";

5 (B) "The district may, subject to voter approval,
6 impose taxes and issue bonds. The district may impose an unlimited
7 rate of tax in payment of such bonds.";

8 (C) one of the following, as applicable:

9 (i) "The current rate of the district
10 property tax is (insert current property tax rate) on each \$100 of
11 assessed valuation."; or

12 (ii) "The district has not yet imposed
13 taxes. The projected rate of the district property tax is (insert
14 projected property tax rate) on each \$100 of assessed valuation.";

15 (D) "The district may impose assessments and
16 issue bonds and impose an assessment in payment of such bonds.";

17 (E) one of the following, as applicable:

18 (i) "The rate of the district assessment is
19 (insert current assessment amount) on each \$100 of assessed
20 valuation.";

21 (ii) "The amount of the district assessment
22 on the real property that you are about to purchase is (insert
23 current assessment amount)."; or

24 (iii) "The district has not yet imposed an
25 assessment, but the projected (insert "rate" or "amount", as
26 applicable) of the assessment is (insert projected assessment rate
27 or amount, as applicable).";

1 (F) "The total amounts of bonds payable wholly or
2 partly from (insert "property taxes" or "assessments", as
3 applicable) (insert ", excluding refunding bonds that are
4 separately approved by the voters" or ", excluding any bonds or any
5 portions of bonds issued that are payable solely from revenues
6 received or expected to be received under a contract with a
7 governmental entity", as applicable), approved by the voters are:

8 (i) \$(insert amount) for water, sewer, and
9 drainage facilities;

10 (ii) \$(insert amount) for road facilities;

11 (iii) \$(insert amount) for parks and
12 recreational facilities; and

13 (iv) \$(insert amount) for (description of
14 additional facilities, as applicable).";

15 (G) "The aggregate initial principal amounts of
16 all such bonds issued are:

17 (i) \$(insert amount) for water, sewer, and
18 drainage facilities;

19 (ii) \$(insert amount) for road facilities;

20 (iii) \$(insert amount) for parks and
21 recreational facilities; and

22 (iv) \$(insert amount) for (description of
23 additional facilities, as applicable).";

24 (H) "The district sought and obtained approval of
25 the Texas Commission on Environmental Quality to adopt and impose a
26 standby fee. The amount of the standby fee is \$(insert amount of
27 standby fee). An unpaid standby fee is a personal obligation of the

1 person that owned the property at the time of imposition and is
2 secured by a lien on the property. Any person may request a
3 certificate from the district stating the amount, if any, of unpaid
4 standby fees on a tract of property in the district.";

5 (I) if applicable, one of the following:

6 (i) "The district is located wholly or
7 partly in the extraterritorial jurisdiction of the City of (insert
8 name of the municipality). Texas law governs the ability of a
9 municipality to annex property in the municipality's
10 extraterritorial jurisdiction and whether a district that is
11 annexed by the municipality is dissolved."; or

12 (ii) "The district is located wholly or
13 partly within the corporate boundaries of the City of (insert name
14 of the municipality). The municipality and the district overlap,
15 but may not provide duplicate services or improvements. Property
16 located in the municipality and the district is subject to taxation
17 by the municipality and the district.";

18 (J) "The district has entered into a strategic
19 partnership agreement with the City of (insert name of the
20 municipality). This agreement may address the timeframe, process,
21 and procedures for the municipal annexation of the area of the
22 district located in the municipality's extraterritorial
23 jurisdiction.";

24 (K) "The purpose of the district is to provide
25 (insert water, sewer, drainage, flood control, firefighting, road,
26 parks and recreational, or other type of facilities or services, as
27 applicable) facilities and services. The cost of district

1 facilities is not included in the purchase price of your
2 property.";

3 (L) "PURCHASER IS ADVISED THAT THE INFORMATION
4 SHOWN ON THIS FORM IS SUBJECT TO CHANGE BY THE DISTRICT AT ANY TIME.
5 THE DISTRICT ANNUALLY ESTABLISHES TAX RATES. PURCHASER IS ADVISED
6 TO CONTACT THE DISTRICT TO DETERMINE THE STATUS OF ANY CURRENT OR
7 PROPOSED CHANGES TO THE INFORMATION SHOWN ON THIS FORM."; and

8 (M) "The undersigned purchaser hereby
9 acknowledges receipt of the foregoing notice at or before the
10 execution of a binding contract for the purchase of the real
11 property or at closing of purchase of the real property.".

12 (b) The district shall omit or edit for accuracy statements
13 not applicable to the district, as determined by the district.

14 (c) The notice must be dated and executed by the seller and
15 the purchaser.

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

19 SECTION 3. Section 49.453, Water Code, is amended by adding
20 Subsection (e) to read as follows:

21 (e) A district required to maintain an Internet website or
22 have access to a generally accessible Internet website under
23 Section 26.18, Tax Code, shall post or create a process for posting
24 the district's notice to purchasers under Section 49.4521 on the
25 applicable Internet website.

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

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

8 SECTION 5. Section 3919.205(d), Special District Local Laws
9 Code, is amended to read as follows:

10 (d) The district shall generate and implement a program to
11 provide notice modeled on the notice described by Section 49.4521
12 [~~49.452(c)~~], Water Code, to a prospective purchaser of property in
13 the district of the assessments that have been approved and are
14 imposed by the district.

15 SECTION 6. The following provisions of the Water Code are
16 repealed:

- 17 (1) Sections 49.452(b), (c), (d), and (e); and
18 (2) Sections 49.455(f) and (h).

19 SECTION 7. (a) Section 49.452, Water Code, as amended by
20 this Act, and Section 49.4521, Water Code, as added by this Act,
21 apply only to notice given to a purchaser of real property within a
22 water district on or after the effective date of this Act. Notice
23 given to a purchaser before the effective date is governed by the
24 law in effect at the time the notice was given, and that law is
25 continued in effect for that purpose.

26 (b) Section 49.455, Water Code, as amended by this Act,
27 applies only to an information form filed on or after the effective

1 date of this Act. An information form filed before the effective
2 date of this Act is governed by the law in effect on the date the
3 form was filed, and that law is continued in effect for that
4 purpose.

5 SECTION 8. This Act takes effect September 1, 2023.

President of the Senate

Speaker of the House

I certify that H.B. No. 2816 was passed by the House on May 12, 2023, by the following vote: Yeas 126, Nays 14, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2816 was passed by the Senate on May 24, 2023, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor