

AN ACT

relating to the projects undertaken by a public improvement district, municipal management district, water control and improvement district, fresh water supply district, or municipal utility district.

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

SECTION 1. Section 372.003, Local Government Code, is amended by amending Subsection (b) and adding Subsection (b-2) to read as follows:

(b) A public improvement project may include:

- (1) landscaping;
- (2) erection of fountains, distinctive lighting, and signs;
- (3) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of-way;
- (4) construction or improvement of pedestrian malls;
- (5) acquisition and installation of pieces of art;
- (6) acquisition, construction, or improvement of libraries;
- (7) acquisition, construction, or improvement of off-street parking facilities;
- (8) acquisition, construction, improvement, or rerouting of mass transportation facilities;

(9) acquisition, construction, or improvement of water, geothermal water conveyance, wastewater, or drainage facilities or improvements;

(10) the establishment or improvement of parks;

(11) projects similar to those listed in Subdivisions (1)-(10);

(12) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;

(13) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement;

(14) payment of expenses incurred in the establishment, administration, and operation of the district; and

(15) the development, rehabilitation, or expansion of affordable housing.

(b-2) Payment of expenses under Subsection (b)(9) may also include expenses related to the operation and maintenance of a geothermal water conveyance facility or improvement.

SECTION 2. Section 372.023(a), Local Government Code, is amended to read as follows:

(a) Costs of improvements may be paid or reimbursed by any combination of the methods described by this section if the improvements are dedicated, conveyed, leased, or otherwise provided to or for the benefit of:

(1) a municipality or county;

1 (2) a political subdivision or other entity exercising
2 the powers granted under this subchapter as authorized by other
3 law; ~~[or]~~

4 (3) an entity that:

5 (A) is approved by the governing body of an
6 entity described by Subdivision (1) or (2); and

7 (B) is authorized by order, ordinance,
8 resolution, or other official action to act for an entity described
9 by Subdivision (1) or (2); or

10 (4) an entity subject to the regulatory jurisdiction
11 of the Public Utility Commission of Texas.

12 SECTION 3. Section 375.093(c), Local Government Code, is
13 amended to read as follows:

14 (c) If a district, in exercising any of the powers conferred
15 by this chapter, requires the relocation, adjustment, raising,
16 lowering, rerouting, or changing the grade of or altering the
17 construction of any street, alley, highway, overpass, underpass, or
18 road, any railroad track, bridge, or other facilities or property,
19 any electric lines, conduits, or other facilities or property, any
20 telephone or telegraph lines, conduits, or other facilities or
21 property, any gas transmission or distribution pipes, pipelines,
22 mains, or other facilities or property, any water, geothermal water
23 conveyance, sanitary sewer or storm sewer pipes, pipelines, mains,
24 or other facilities, or property, any cable television lines,
25 cables, conduits, or other facilities or property, or any other
26 pipelines and any facilities or properties relating to those
27 pipelines, those relocations, adjustments, raising, lowering,

1 rerouting, or changing of grade, or altering of construction must
2 be accomplished at the sole cost and expense of the district, and
3 damages that are suffered by the owners of the property or
4 facilities shall be borne by the district.

5 SECTION 4. Section 375.112(a), Local Government Code, is
6 amended to read as follows:

7 (a) An improvement project or services provided by the
8 district may include the construction, acquisition, improvement,
9 relocation, operation, maintenance, or provision of:

10 (1) landscaping; lighting, banners, and signs;
11 streets and sidewalks; pedestrian skywalks, crosswalks, and
12 tunnels; seawalls; marinas; drainage and navigation improvements;
13 pedestrian malls; solid waste, water, sewer, and power facilities,
14 including electrical, gas, steam, cogeneration, and chilled water
15 facilities and geothermal water conveyance facilities or
16 improvements; parks, plazas, lakes, rivers, bayous, ponds, and
17 recreation and scenic areas; historic areas; fountains; works of
18 art; off-street parking facilities, bus terminals, heliports, and
19 mass transit systems; theatres, studios, exhibition halls,
20 production facilities and ancillary facilities in support of the
21 foregoing; and the cost of any demolition in connection with
22 providing any of the improvement projects;

23 (2) other improvements similar to those described in
24 Subdivision (1);

25 (3) the acquisition of real property or any interest
26 in real property in connection with an improvement, project, or
27 services authorized by this chapter, Chapter 54, Water Code, or

1 Chapter 365 or 441, Transportation Code;

2 (4) special supplemental services for advertising,
3 economic development, promoting the area in the district, health
4 and sanitation, public safety, maintenance, security, business
5 recruitment, development, elimination or relief of traffic
6 congestion, recreation, and cultural enhancement; and

7 (5) expenses incurred in the establishment,
8 administration, maintenance, and operation of the district or any
9 of its improvements, projects, or services.

10 SECTION 5. Section 51.121(b), Water Code, is amended to
11 read as follows:

12 (b) A water control and improvement district organized
13 under the provisions of Article XVI, Section 59, of the Texas
14 Constitution, may provide for:

15 (1) the control, storage, preservation, and
16 distribution of its water and floodwater and the water of its rivers
17 and streams for irrigation, power, and all other useful purposes;

18 (2) the reclamation and irrigation of its arid,
19 semiarid, and other land which needs irrigation;

20 (3) the reclamation, drainage, conservation, and
21 development of its forests, water, and hydroelectric power;

22 (4) the navigation of its coastal and inland water;

23 (5) the control, abatement, and change of any shortage
24 or harmful excess of water;

25 (6) the protection, preservation, and restoration of
26 the purity and sanitary condition of water within the state; and

27 (7) the preservation and conservation of all natural

resources of the state, including through the use of geothermal water conveyance systems for the conservation of natural resources.

SECTION 6. Section 51.125, Water Code, is amended to read as follows:

Sec. 51.125. CONSTRUCTION OF IMPROVEMENTS. A district may construct all works and improvements necessary:

- (1) for the prevention of floods;
- (2) for the irrigation of land in the district;
- (3) for the drainage of land in the district, including drainage ditches or other facilities for drainage;
- (4) for the construction of levees to protect the land in the district from overflow;
- (5) to alter land elevations where correction is needed; ~~and~~

(6) to supply water for municipal uses, domestic uses, power and commercial purposes, and all other beneficial uses or controls; and

(7) for the construction of geothermal water conveyance systems necessary for the conservation of natural resources.

SECTION 7. Subchapter D, Chapter 53, Water Code, is amended by adding Section 53.123 to read as follows:

Sec. 53.123. GEOTHERMAL WATER CONVEYANCE SYSTEMS. A district may purchase, construct, acquire, own, operate, repair, improve, and extend geothermal water conveyance systems in the district.

SECTION 8. Section 53.182, Water Code, is amended by adding

Subsection (d) to read as follows:

(d) For the purposes of Section 53.123, a district may issue bonds payable from ad valorem taxes, revenues, or a combination thereof.

SECTION 9. Section 54.012, Water Code, is amended to read as follows:

Sec. 54.012. PURPOSES OF A DISTRICT. A district shall be created for the following purposes:

(1) the control, storage, preservation, and distribution of its storm water and floodwater, the water of its rivers and streams for irrigation, power, and all other useful purposes;

(2) the reclamation and irrigation of its arid, semiarid, and other land needing irrigation;

(3) the reclamation and drainage of its overflowed land and other land needing drainage;

(4) the conservation and development of its forests, water, and hydroelectric power;

(5) the navigation of its inland and coastal water;

(6) the control, abatement, and change of any shortage or harmful excess of water;

(7) the protection, preservation, and restoration of the purity and sanitary condition of water within the state; and

(8) the preservation of all natural resources of the state, including through the use of geothermal water conveyance systems for the preservation of natural resources.

SECTION 10. Section 54.501, Water Code, is amended to read

1 as follows:

2 Sec. 54.501. ISSUANCE OF BONDS. The district may issue its
3 bonds for any purpose authorized by this chapter, Chapter 49, or
4 other applicable laws, including the purpose of purchasing,
5 constructing, acquiring, owning, operating, repairing, improving,
6 or extending any district works, improvements, facilities, plants,
7 equipment, and appliances needed to accomplish the purposes set
8 forth in Section 54.012 for which a district shall be created,
9 including works, improvements, facilities, plants, equipment, and
10 appliances needed to provide a waterworks system, sanitary sewer
11 system, storm sewer system, geothermal water conveyance system, and
12 solid waste disposal system.

13 SECTION 11. This Act takes effect September 1, 2025.

H.B. No. 4370

President of the Senate

Speaker of the House

I certify that H.B. No. 4370 was passed by the House on May 14, 2025, by the following vote: Yeas 138, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 4370 was passed by the Senate on May 21, 2025, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor