

By: Cain

H.B. No. 4972

A BILL TO BE ENTITLED

AN ACT

relating to the authority of a municipality to transfer revenue of a municipal utility to the general fund of the municipality.

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

SECTION 1. Section 1502.059, Government Code, is amended to read as follows:

Sec. 1502.059. TRANSFER OF REVENUE TO GENERAL FUND. Notwithstanding Section 1502.058(a) of this chapter, Section 552.049 or Section 552.916, Local Government Code, or a similar law or municipal charter provision, a municipality and its officers and utility trustees may transfer to the municipality's general fund and may use for general or special purposes revenue of any municipally owned utility system in the amount and to the extent authorized in the indenture, deed of trust, or ordinance providing for and securing payment of public securities issued under this chapter or similar law.

SECTION 2. Section 552.049, Local Government Code, is amended to read as follows:

Sec. 552.049. SEGREGATION OF INCOME. (a) The income of a drainage utility system must be segregated and completely identifiable in municipal accounts.

(b) A [~~If drainage charges are solely for the cost of service, the~~] municipality may not transfer the income of a drainage utility system [~~charges in whole or in part~~] to the

1 municipal general fund [~~, except for any part collected outside~~
2 ~~municipal boundaries and except for any part pledged to retire any~~
3 ~~outstanding indebtedness or obligation incurred, or as a reserve~~
4 ~~for future construction, repair, or maintenance of the drainage~~
5 ~~system. If the governing body has levied, in the drainage charge,~~
6 ~~an amount in contribution to the funding of future system~~
7 ~~improvements, including replacement, new construction, or~~
8 ~~extension, that amount is not transferable to the general fund]~~.

9 SECTION 3. Subchapter [Z](#), Chapter [552](#), Local Government
10 Code, is amended by adding Section 552.916 to read as follows:

11 Sec. 552.916. PROHIBITION ON TRANSFER OF MUNICIPAL UTILITY
12 REVENUE. (a) In this section, "municipal utility" means any
13 utility owned, operated, or controlled by a municipality or by a
14 nonprofit corporation whose directors are appointed by one or more
15 municipalities.

16 (b) Notwithstanding any other law, a municipality may not
17 transfer revenue from a municipal utility to the general fund of the
18 municipality.

19 SECTION 4. This Act takes effect September 1, 2025.