

Amend CSHB 1541 on page 14, between lines 24 and 25, by inserting the following appropriately numbered section and renumbering subsequent sections accordingly:

SECTION \_\_. Subchapter H, Chapter 54, Water Code, is amended by adding Sections 54.748 and 54.749 to read as follows:

Sec. 54.748. EXCLUSION OF LAND FOR FAILURE TO PROVIDE SUFFICIENT SERVICES; BONDS OUTSTANDING. (a) This section applies only to a district that has a total area of more than 5,000 acres.

(b) The board shall call a hearing on the exclusion of land from the district on a written petition filed with the secretary of the board by a landowner whose land has been included in and taxable by the district for more than 28 years if any bonds issued by the district payable in whole or in part from taxes of the district are outstanding and the petition:

(1) includes a signed petition evidencing the consent of the owners of a majority of the acreage proposed to be excluded, as reflected by the most recent certified tax roll of the district;

(2) includes a claim that the district has not provided the land with utility services;

(3) describes the property to be excluded;

(4) provides, at the petitioner's expense, facts necessary for the board to make the findings required by Subsection (c); and

(5) is filed before August 31, 2005.

(c) The board may exclude land under this section only on finding that:

(1) the district has never provided utility services to the land described by the petition;

(2) the district has imposed a tax on the land for more than 28 years;

(3) all taxes the district has levied and assessed against the land and all fees and assessments the district has imposed against the land or the owner that are due and payable on or before the date of the petition are fully paid; and

(4) the executive director has reviewed the economic impact of the proposed exclusion of land and does not oppose the exclusion.

(d) If evidence presented at the hearing conclusively demonstrates that the requirements and grounds for exclusion described by Subsections (b) and (c) have been met, the board may enter an order excluding the land from the district. If the board enters an order excluding the land, the board shall redefine in the order the boundaries of the district to embrace all land not excluded.

(e) A copy of an order excluding land and redefining the boundaries of the district shall be filed in the deed records of the county in which the district is located.

(f) The exclusion of land under this section does not impair the rights of holders of any outstanding bonds, warrants, or other certificates of indebtedness of the district.

(g) After any land is excluded under this section, the district may issue any unissued additional debt approved by the voters of the district before exclusion of the land under this section without holding a new election. Additional debt issued after land is excluded from the district may not be payable from and does not create a lien against the taxable value of the excluded land.

(h) For purposes of this section and Section 54.749, "land" includes any improvements to the land, and when used in the context of property taxes, "land" has the meaning assigned to "real property" by Section 1.04, Tax Code.

Sec. 54.749. TAX LIABILITY OF EXCLUDED LAND; BONDS OUTSTANDING. (a) Land excluded from the district under Section 54.748 that is pledged as security for any outstanding debt of the district remains pledged for its pro rata share of the debt until final payment is made. The district shall continue to levy and collect taxes on the excluded land at the same rate levied on land remaining in the district until the amount of taxes collected from the excluded land equals the land's pro rata share of the district's debt outstanding at the time the land was excluded from the district.

(b) The district shall apply the taxes collected on the excluded land only to the payment of the excluded land's pro rata share of the debt.