

1-1 By: Callegari (Senate Sponsor - Lindsay) H.B. No. 1541
1-2 (In the Senate - Received from the House May 12, 2003;
1-3 May 13, 2003, read first time and referred to Committee on Natural
1-4 Resources; May 23, 2003, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 10, Nays 0;
1-6 May 23, 2003, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 1541 By: Lindsay

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the general powers and authority of water districts.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 388.005(a), Health and Safety Code, is
1-13 amended to read as follows:

1-14 (a) In this section, "political subdivision" means:

1-15 (1) an affected county; or

1-16 (2) any political subdivision in a nonattainment area
1-17 or in an affected county other than:

1-18 (A) a school district; or

1-19 (B) a district as defined by Section 36.001 or
1-20 49.001, Water Code, that had a total annual electricity expense of
1-21 less than \$200,000 in the previous fiscal year of the district [in a
1-22 nonattainment area or in an affected county].

1-23 SECTION 2. Section 43.0751(a)(3), Local Government Code, is
1-24 amended to read as follows:

1-25 (3) "Strategic partnership agreement" means a written
1-26 agreement described by this section between a municipality and a
1-27 district [that provides terms and conditions under which services
1-28 will be provided and funded by the parties to the agreement and
1-29 under which the district will continue to exist for an extended
1-30 period of time if the land within the district is annexed for
1-31 limited or full purposes by the municipality].

1-32 SECTION 3. Sections 43.0751(d), (f), and (i), Local
1-33 Government Code, are amended to read as follows:

1-34 (d) Before the governing body of a municipality or a
1-35 district adopts a strategic partnership agreement, it shall conduct
1-36 two public hearings at which members of the public who wish to
1-37 present testimony or evidence regarding the proposed agreement
1-38 shall be given the opportunity to do so. Notice of public hearings
1-39 conducted by the governing body of a municipality under this
1-40 subsection shall be published in a newspaper of general circulation
1-41 in the municipality and in the district. The notice must be in the
1-42 format prescribed by Section 43.123(b) and must be published at
1-43 least once on or after the 20th day before each date. Notice of
1-44 public hearings conducted by the governing body of a district under
1-45 this subsection shall be given in accordance with the district's
1-46 notification procedures for other matters of public importance.
1-47 Any notice of a public hearing conducted under this subsection
1-48 shall contain a statement of the purpose of the hearing, the date,
1-49 time, and place of the hearing, and the location where copies of the
1-50 proposed agreement may be obtained prior to the hearing. The
1-51 governing bodies of a municipality and a district may conduct joint
1-52 public hearings under this subsection, provided that at least one
1-53 public hearing is conducted within the district. [A municipality
1-54 may combine the public hearings and notices required by this
1-55 subsection with the public hearings and notices required by Section
1-56 43.124.]

1-57 (f) A strategic partnership agreement may provide for the
1-58 following:

1-59 (1) limited-purpose annexation of the district on
1-60 terms acceptable to the municipality and the district [under the
1-61 provisions of Subchapter F] provided that:

1-62 (A) the district shall continue in existence
1-63 during the period of limited-purpose annexation; and

(B) Subchapter F does not apply to the limited-purpose annexation under the agreement;

(2) limited-purpose annexation of a district located in a county with a population of more than 3.3 million:

(A) only if the municipality does not require services, permits, or inspections or impose fees for services, permits or inspections within the district; and

permits, or inspections within the district; and
(B) provided that this subsection does not
prevent the municipality from providing services within the
district if the provision of services:

(i) is specified and agreed to in [such amendments to the timing requirements of Sections 43.123(d)(2) and 43.127(b) as may be necessary or convenient to effectuate the purposes of] the agreement;

(ii) is not solely the result of a regulatory plan adopted by the municipality in connection with the limited-purpose annexation of the district; and

(iii) is approved by the county in which the district is located;

(3) payments by the municipality to the district for services provided by the district;

(4) annexation of any commercial property in a district for full purposes by the municipality, notwithstanding any other provision of this code or the Water Code, except for the obligation of the municipality to provide, directly or through agreement with other units of government, full provision of municipal services to annexed territory, in lieu of any annexation of residential property or payment of any fee on residential property in lieu of annexation of residential property in the district authorized by this subsection;

(5) a full-purpose annexation provision on terms acceptable to the municipality and the district [that specifies one of the following:

[(A) the date on which the land included within the district's boundaries shall be converted from the municipality's limited-purpose jurisdiction to its full-purpose jurisdiction, provided that such date shall not be later than 10 years after the effective date of the strategic partnership agreement; or

[(B)(i) terms for payment of an annual fee to the municipality by the district in lieu of full-purpose annexation, the form in which each such payment must be tendered, a method of calculating the fee, and the date by which each such payment must be made; failure by a district to timely make an annual payment in lieu of full-purpose annexation in the amount and form required by a strategic partnership agreement shall be the only ground for termination of the agreement with respect to annexation at the option of the municipality;

[(ii) to determine a reasonable fee to be derived from residential property in a district, the municipality or the district may request a cost-of-service study by an independent third party agreeable to both parties if cost-of-service data prepared by the municipality is not acceptable. Both parties shall be equally responsible for the cost of the study, which shall include an evaluation of the estimated annual cost of providing municipal services to the residential portion of the district over the next 10 years and the estimated annual amount of ad valorem taxes from residential property the municipality would receive on full-purpose annexation of the district over the next 10 years. The fee shall not exceed the estimated annual amount of residential ad valorem taxes that would be derived by full-purpose annexation of the district, less the estimated annual amount required to provide municipal services to the residential property in the district if annexed for full purposes. A fee determined through this methodology is subject to renegotiation every 10 years at the request of either party to the agreement following the same procedure used to set the fee in the original agreement. This methodology does not apply to fees from commercial property];

(6) conversion of the district to a limited district including some or all of the land included within the boundaries of the district, which conversion shall be effective on the full-purpose annexation conversion date established under Subdivision (5) [~~(5)(A)~~];

(7) agreements existing between districts and governmental bodies and private providers of municipal services in existence on the date a municipality evidences its intention by adopting a resolution to negotiate for a strategic partnership agreement with the district shall be continued and provision made for modifications to such existing agreements; and

(8) such other lawful terms that the parties consider appropriate.

(i) A [district that is negotiating for or that has adopted a] strategic partnership agreement may provide that the district shall not incur additional debt, liabilities, or obligations, to construct additional utility facilities, or sell or otherwise transfer property without prior approval of the municipality[which approval shall not be unreasonably withheld or delayed. An action taken in violation of this subsection is void].

SECTION 4. Section 43.123, Local Government Code, is amended by adding Subsection (e) to read as follows:

(e) The deadline imposed by Subsection (d)(2) does not apply to an area that:

(1) is owned by the United States, this state, or a political subdivision of this state;

(2) is located outside the boundaries of a water control and improvement district or a municipal utility district; and

a strategic partnership agreement under Section 43.0751. SECTION 5. Section 43.127(a), Local Government Code, is

amended to read as follows:

(a) Except as provided by Section 43.123(e), on [On] or before the date prescribed by the regulatory plan under Section 43.123(d)(2), the municipality must annex the area for full purposes. This requirement may be waived and the date for full-purpose annexation postponed by written agreement between the municipality and a majority of the affected landowners. A written agreement to waive the municipality's obligation to annex the area for full purposes binds all future owners of land annexed for limited purposes pursuant to that waiver.

SECTION 6. Section 49.052, Water Code, is amended by adding Subsections (h) and (i) to read as follows:

(h) This subsection applies only to a district that is located wholly within the boundaries of a municipality with a population of more than 1.5 million, that is governed by Chapter 375, Local Government Code, and that is governed by an appointed board consisting of nine or more members. Notwithstanding Subsection (f) or (g), a person is considered to have resigned from serving as a member of the board if the person fails to attend three consecutive meetings of the board. The remaining board members by majority vote may waive the resignation under this subsection if fairness requires that the absences be excused on the basis of illness or other good cause.

(i) Notwithstanding any other law, a director is eligible to serve on the board of a district governed by Chapter 375, Local Government Code, regardless of the municipality in which the director resides, if:

(1) the district is located within the boundaries of a municipality with a population of more than 1.8 million; and

(2) all or a part of the district is located more than five miles from the downtown city hall of that municipality.

SECTION 7. Section 49.067, Water Code, is amended to read as follows:

Sec. 49.067. CONTRACTS. (a) A district shall contract, and be contracted with, in the name of the district.

(b) Notwithstanding any other law, a contract for technical, scientific, legal, fiscal, or other professional

4-1 services must be approved by the board, and the terms and conditions
 4-2 of such a contract, including the terms for payment, are subject to
 4-3 the sole discretion of the board.

4-4 SECTION 8. Section 49.068, Water Code, is amended to read as
 4-5 follows:

4-6 Sec. 49.068. CONTRACTS WITH GOVERNMENTAL AGENCIES. (a)
 4-7 The provisions of this chapter pertaining to bids and the Local
 4-8 Government Code notwithstanding, a district may purchase property
 4-9 from any governmental entity by negotiated contract without the
 4-10 necessity of securing appraisals or advertising for bids.

4-11 (b) The provisions of other law or a home-rule municipal
 4-12 charter notwithstanding, a municipality may contract with a
 4-13 district. The term of a contract under this subsection may be of
 4-14 unlimited duration.

4-15 SECTION 9. Section 49.103, Water Code, is amended by adding
 4-16 Subsection (h) to read as follows:

4-17 (h) If authorized by the board in the proceedings calling a
 4-18 director election, the secretary of the board or the secretary's
 4-19 designee, on receipt of the certification required by Section
 4-20 2.052(b), Election Code, shall post notice that the election is not
 4-21 to be held. The notice must be posted, on or before the
 4-22 commencement of early voting, at each polling place that would have
 4-23 been used in the election. If the notice is timely posted:

4-24 (1) the board or the board's designee is not required
 4-25 to:

4-26 (A) post or publish notice of the election;
 4-27 (B) prepare or print ballots and election
 4-28 materials; or

4-29 (C) hold early and regular voting; and
 4-30 (2) the board shall meet at the earliest practicable
 4-31 time to declare each unopposed candidate elected to office.

4-32 SECTION 10. Section 49.106(a), Water Code, is amended to
 4-33 read as follows:

4-34 (a) Before an election is held to authorize the issuance of
 4-35 bonds, other than refunding bonds, there shall be filed in the
 4-36 office of the district and open to inspection by the public an
 4-37 engineer's report covering the land, improvements, facilities,
 4-38 plants, equipment, and appliances to be purchased or constructed
 4-39 and their estimated cost, together with maps, plats, profiles, and
 4-40 data fully showing and explaining the report. The engineer's
 4-41 report is not:

4-42 (1) part of the proposition or propositions to be
 4-43 voted on; or

4-44 (2) a contract with the voters.

4-45 SECTION 11. Sections 49.153(a) and (e), Water Code, are
 4-46 amended to read as follows:

4-47 (a) The board, without the necessity of an election, may
 4-48 borrow money on negotiable or nonnegotiable notes of the district
 4-49 to be paid solely from the revenues derived from the ownership of
 4-50 all or any designated part of the district's works, plants,
 4-51 improvements, facilities, or equipment after deduction of the
 4-52 reasonable cost of maintaining and operating the facilities.

4-53 (e) Subsection (c) does not apply to:

4-54 (1) a note issued to and approved by the:
 4-55 (A) Farmers Home Administration;
 4-56 (B) United States Department of Agriculture;

4-57 [ex]

4-58 (C) Texas Water Development Board; or
 4-59 (D) North American Development Bank; or
 4-60 (2) a district described by Section 49.181(h).

4-61 SECTION 12. Section 49.181(a), Water Code, is amended to
 4-62 read as follows:

4-63 (a) A district may not issue bonds unless the commission
 4-64 determines that the project to be financed by the bonds is feasible
 4-65 and issues an order approving the issuance of the bonds. This
 4-66 section does not apply to:

4-67 (1) refunding bonds if the commission issued an order
 4-68 approving the issuance of the bonds or notes that originally
 4-69 financed the project;

(2) refunding bonds that are issued by a district under an agreement between the district and a municipality allowing the issuance of the district's bonds to refund bonds issued by the municipality to pay the cost of financing facilities; or

(3) bonds issued to and approved by the Farmers Home Administration, the United States Department of Agriculture, the North American Development Bank, or the Texas Water Development Board.

SECTION 13. Sections 49.183(a) and (b), Water Code, are amended to read as follows:

(a) Except for refunding bonds, or bonds sold to a state or federal agency or to the North American Development Bank, bonds issued by a district shall be sold after advertising for and receiving competitive sealed bids and shall be awarded to the bidder whose bid produces the lowest net effective interest rate to the district.

(b) Except for refunding bonds, or bonds sold to a state or federal agency or to the North American Development Bank, before any bonds are sold by a district, the board shall publish an appropriate notice of the sale:

(1) at least one time not less than 10 days before the date of sale in a newspaper of general circulation in the county or counties in which the district is located; and

(2) at least one time in one or more recognized financial publications of general circulation in the state as approved by the state attorney general.

SECTION 14. Section 49.194, Water Code, is amended by adding Subsection (g) to read as follows:

(g) A submission to the executive director required by this section may be made electronically.

SECTION 15. Subchapter H, Chapter 49, Water Code, is amended by adding Section 49.2125 to read as follows:

Sec. 49.2125. FEES AND OTHER CHARGES OF CERTAIN REGIONAL
WATER AUTHORITIES AFTER ANNEXATION. (a) This section applies to a
regional water authority that:

(1) was established after January 1, 1999;
(2) is located entirely within a county with a
population greater than 3.4 million according to the 2000 federal
decennial census; and
(3) has a population greater than 375,000 according to
the 2000 federal decennial census.

(b) Notwithstanding any other law, except to the extent an authority to which this section applies agrees in writing, a municipality's annexation of territory within the authority has no effect on the authority's ability to assess and collect inside the territory annexed by the municipality the types of fees, rates, charges, or special assessments that the authority was assessing and collecting at the time the municipality initiated the annexation; provided, however, that the authority's ability to assess and collect such fees, rates, charges, or special assessments shall terminate on the later to occur of (i) the date of final payment or defeasance of any bonds or other indebtedness, including any refunding bonds, that are secured by such fees, rates, charges, or special assessments or (ii) the date that the authority no longer provides services inside the annexed territory. An authority to which this section applies shall continue to provide services to the annexed territory in accordance with contracts in effect at the time of the annexation unless a written agreement between the governing body of the authority and the governing body of the municipality provides otherwise.

SECTION 16. Sections 49.226(a), (c), and (d), Water Code, are amended to read as follows:

(a) Any personal property valued at more than \$300 or any land or interest in land owned by the district which is found by the board to be surplus and is not needed by the district may be sold under order of the board either by public or private sale, or the land, interest in land, or personal property may be exchanged for other land, interest in land, or personal property needed by the district. Except as provided in Subsection (b), land, interest in

land, or personal property must be exchanged for like fair market value, which value may be determined by the district. In connection with the sale of surplus land, the board, at its discretion, may impose restrictions on the development and use of the land.

(c) Before [either] a public [or a private] sale of real property, the district shall give notice of the intent to sell by publishing notice once a week for two consecutive weeks in one or more newspapers with general circulation in the district.

(d) If the district has outstanding bonds secured by a pledge of tax revenues, the proceeds of the sale of property originally acquired with bond proceeds shall be:

(1) applied to retire outstanding bonds of the district; or
(2) held and treated as surplus bond proceeds and spent only as provided by the rules of the commission relating to surplus bond proceeds.

surplus bond proceeds.
SECTION 17. Section 49.234(a), Water Code, as added by Section 15, Chapter 1423, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

(a) A district or water supply corporation that operates a wastewater collection system to serve land within its boundaries by rule may prohibit the installation of private on-site wastewater holding or treatment facilities on land within the district that is not served by the district's or corporation's wastewater collection system. A district or corporation that has not received funding under Subchapter K, Chapter 17, may not require a property owner who has already installed an on-site wastewater holding or treatment facility before the adoption of the rule to connect to the district's or corporation's wastewater collection system.

SECTION 18. Subchapter H, Chapter 49, Water Code, is amended by adding Section 49.236 to read as follows:

Sec. 49.236. NOTICE OF TAX HEARING. (a) Before the board adopts an ad valorem tax rate for the district for debt service, operation and maintenance purposes, or contract purposes, the board shall give notice of each meeting of the board at which the adoption of a tax rate will be considered. The notice must:

(1) contain a statement in substantially the following form:

"NOTICE OF PUBLIC HEARING ON TAX RATE

"The (name of the district) will hold a public hearing on a proposed tax rate for the tax year (year of tax levy) on (date and time) at (meeting place). Your individual taxes may increase or decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted."; and

(2) contain the following information:

(A) the district's total adopted tax rate for the preceding year and the proposed tax rate, expressed as an amount per \$100;

(B) the difference, expressed as an amount per \$100 and as a percent increase or decrease, as applicable, in the proposed tax rate compared to the adopted tax rate for the preceding year;

(C) the average appraised value of a residence homestead in the district in the preceding year and in the current year; the district's total homestead exemption, other than an exemption available only to disabled persons or persons 65 years of age or older, applicable to that appraised value in each of those years; and the average taxable value of a residence homestead in the district in each of those years, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older;

(D) the amount of tax that would have been imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older;

(E) the amount of tax that would be imposed by the

district in the current year on a residence homestead appraised at the average appraised value of a residence homestead in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older, if the proposed tax rate is adopted; and

(F) the difference between the amounts of tax calculated under Paragraphs (D) and (E), expressed in dollars and cents and described as the annual increase or decrease, as applicable, in the tax to be imposed by the district on the average residence homestead in the district in the current year if the proposed tax rate is adopted.

(b) Notice of the hearing shall be:

(1) published at least once in a newspaper having general circulation in the district at least seven days before the date of the hearing; or

(2) mailed to each owner of taxable property in the district, at the address for notice shown on the most recently certified tax roll of the district, at least 10 days before the date of the hearing.

SECTION 19. Section 49.271, Water Code, is amended by adding Subsection (e) to read as follows:

(e) A district contract for construction work may include economic incentives for early completion of the work or economic disincentives for late completion of the work.

SECTION 20. Section 49.273, Water Code, is amended by adding Subsection (1) to read as follows:

(1) The board is not required to advertise or seek competitive bids for security or surveillance systems or components of or additions to district facilities relating to security or surveillance, including systems used for the prevention of terrorist or criminal acts and incidents or acts of war, if the board finds that doing so would compromise the safety and security of district facilities or residents.

SECTION 21. Section 49.278(a), Water Code, is amended to read as follows:

(a) This subchapter does not apply to:

(1) equipment, materials, or machinery purchased by the district at an auction that is open to the public;

(2) contracts for personal or professional services or for a utility service operator;

- (3) contracts made by a district engaged in the distribution and sale of electric energy to the public;
- (4) contracts for services or property for which there is only one source or for which it is otherwise impracticable to obtain competition. [or]

obtain competition; [~~or~~]
(5) high technology procurements; or
(6) contracts for the purchase of electricity for use
by the district

by the district. SECTION 22. Section 49.303, Water Code, is amended to read as follows:

as follows:

Sec. 49.303. EXCLUDING LAND OR OTHER PROPERTY FROM DISTRICT. (a) A district may exclude land or other property from the district under this subchapter if the district has no outstanding bonds payable in whole or in part from taxes.

(b) If a district has no outstanding [Before a district orders an election for the authorization of] bonds payable in whole or in part from taxes, the board may, on its own motion, call a hearing on the question of the exclusion of land or other property from the district under the provisions of this subchapter [section and Sections 49.304 through 49.307], if the exclusions are practicable, just, or desirable.

[b] The board must call a hearing on the exclusion of land or other property from the district on the written petition of any landowner or property owner in the district filed with the secretary of the board before the first election on the question of whether bonds should be issued payable in whole or in part from taxes is ordered.]

(c) If a district has no outstanding bonds payable in whole or in part from taxes, the [The] board may hold a hearing on the

8-1 exclusion of land or other property from the district ~~if the~~
 8-2 ~~district has not issued bonds payable in whole or in part from~~
 8-3 ~~taxes, and~~ if a landowner or property owner submits a signed
 8-4 petition to the secretary of the board evidencing the consent of the
 8-5 owners of a majority of the acreage proposed to be excluded and a
 8-6 majority of the taxable property in the district, as reflected by
 8-7 the most recent certified tax roll of the district.

8-8 (d) A district that has previously held an election at which
 8-9 approval was given for the issuance of bonds payable in whole or in
 8-10 part from taxes may not rely on that election for the issuance of
 8-11 the bonds if after the bond election, but before the bonds are
 8-12 issued, land or other property is excluded from the district as
 8-13 provided by this subchapter. The board must call and hold another
 8-14 bond election and receive voter approval ~~[as provided by this~~
 8-15 ~~subchapter]~~ before issuing those bonds.

8-16 (e) A district may not exclude land or other property from
 8-17 the district under this section if the district has issued bonds
 8-18 payable in whole or in part from taxes and those bonds are
 8-19 outstanding.

8-20 SECTION 23. Section 49.304(a), Water Code, is amended to
 8-21 read as follows:

8-22 (a) If the board determines that an exclusion hearing should
 8-23 be held as provided by Section 49.303~~[(a) or (c), or if a written~~
 8-24 ~~petition requesting an exclusion hearing is filed with the~~
 8-25 ~~secretary of the board as provided by Section 49.303(b)]~~, the board
 8-26 shall give notice of the time and place of a hearing to announce its
 8-27 own conclusions relating to land or other property to be excluded
 8-28 and to receive petitions for exclusion of land or other property.

8-29 SECTION 24. Sections 49.351(a), (k), and (l), Water Code,
 8-30 are amended to read as follows:

8-31 (a) A district providing potable water or sewer service to
 8-32 household users may establish, operate, and maintain a fire
 8-33 department to perform all fire-fighting services ~~[activities]~~
 8-34 within the district as provided in this subchapter and may issue
 8-35 bonds or impose a mandatory fee, with voter approval, for financing
 8-36 a plan approved in accordance with this section, including the
 8-37 construction and purchase of necessary buildings, facilities,
 8-38 land, and equipment and the provision of an adequate water supply.

8-39 (k) In this section, "fire-fighting services ~~[activities]~~"
 8-40 means all of the customary and usual services ~~[activities]~~ of a fire
 8-41 department, including fire suppression, fire prevention, training,
 8-42 safety education, maintenance, communications, medical emergency
 8-43 services, photography, and administration.

8-44 (l) Notwithstanding the requirements of Subsections
 8-45 (a)-(j), a district providing potable water or sewer service to
 8-46 household users may as part of its billing process collect from its
 8-47 customers a voluntary contribution on behalf of organizations
 8-48 providing fire-fighting services ~~[activities]~~ to the district. A
 8-49 district that chooses to collect a voluntary contribution under
 8-50 this subsection must give reasonable notice to its customers that
 8-51 the contribution is voluntary. Water and sewer service may not be
 8-52 terminated as a result of failure to pay the voluntary
 8-53 contribution.

8-54 SECTION 25. Section 49.455(d), Water Code, is amended to
 8-55 read as follows:

8-56 (d) The information form required by this section shall be
 8-57 filed with the county clerk ~~[within 48 hours after the effective~~
 8-58 ~~date of this section or]~~ within 48 hours after the district is
 8-59 officially created~~[, whichever time comes first]~~. For purposes of
 8-60 this section, the words "officially created" mean the date and hour
 8-61 in which the results of the election to confirm the creation of the
 8-62 district are declared.

8-63 SECTION 26. Section 54.201(b), Water Code, is amended to
 8-64 read as follows:

8-65 (b) A district is authorized to purchase, construct,
 8-66 acquire, own, operate, maintain, repair, improve, or extend inside
 8-67 and outside its boundaries any and all works, improvements,
 8-68 facilities, plants, equipment, and appliances necessary to
 8-69 accomplish the purposes of the district authorized by the

9-1 ~~constitution, this code, or other law [its creation], including all~~
 9-2 ~~works, improvements, facilities, plants, equipment, and appliances~~
 9-3 ~~incident, helpful, or necessary to:~~

9-4 (1) supply water for municipal uses, domestic uses,
 9-5 power, and commercial purposes and all other beneficial uses or
 9-6 controls;

9-7 (2) collect, transport, process, dispose of, and
 9-8 control all domestic, industrial, or communal wastes whether in
 9-9 fluid, solid, or composite state;

9-10 (3) gather, conduct, divert, and control local storm
 9-11 water or other local harmful excesses of water in a district;

9-12 (4) irrigate the land in a district;

9-13 (5) alter land elevation in a district where it is
 9-14 needed;

9-15 (6) navigate coastal and inland waters of the
 9-16 district; and

9-17 (7) provide parks and recreational facilities for the
 9-18 inhabitants in the district, subject to the provisions of Chapter
 9-19 49 [Subchapter I of this chapter].

9-20 SECTION 27. Subchapter D, Chapter 54, Water Code, is
 9-21 amended by adding Section 54.2052 to read as follows:

9-22 Sec. 54.2052. PLUMBING CODE. Notwithstanding any other
 9-23 law, a district is not required to adopt a plumbing code. A
 9-24 district may adopt and enforce one or more plumbing codes meeting
 9-25 the standards and requirements of the rules and laws of this state
 9-26 and may amend any code adopted to conform to local concerns if the
 9-27 amendment does not substantially vary from rules or laws of this
 9-28 state.

9-29 SECTION 28. Section 54.234, Water Code, is amended to read
 9-30 as follows:

9-31 Sec. 54.234. ACQUIRING ROAD UTILITY DISTRICT POWERS. Any
 9-32 district, which has the power to levy taxes, may[, with the approval
 9-33 of the commission,] petition the commission [~~Texas Transportation~~
 9-34 ~~Commission~~] to acquire the powers granted to road utility districts
 9-35 operating pursuant to Chapter 441, Transportation Code, under the
 9-36 authority of Article III, Section 52, Texas Constitution. As soon
 9-37 as practicable after such petition has been filed with the
 9-38 commission [~~Texas Transportation Commission~~], the commission
 9-39 [~~Texas Transportation Commission~~ shall conduct a hearing in
 9-40 accordance with Chapter 441, Transportation Code, and] shall issue
 9-41 an order [~~in accordance with Chapter 441, Transportation Code,~~]
 9-42 either approving or denying such petition. [~~Any district so~~
 9-43 ~~petitioning the Texas Transportation Commission shall conform to~~
 9-44 ~~the rules applicable to the creation and administration of such~~
 9-45 ~~districts as provided by Chapter 441, Transportation Code.~~] In the
 9-46 event of any conflict between the provisions of the Water Code and
 9-47 the general laws of this state applicable to the district and the
 9-48 provisions of Chapter 441, Transportation Code, the provisions of
 9-49 the Water Code and the general laws of this state applicable to the
 9-50 district shall prevail.

9-51 SECTION 29. Section 54.503, Water Code, is amended to read
 9-52 as follows:

9-53 Sec. 54.503. MANNER OF REPAYMENT OF BONDS. The board may
 9-54 provide for the payment of principal of and interest and redemption
 9-55 price on the bonds in any one of the following manners:

9-56 (1) from the levy and collection of ad valorem taxes on
 9-57 all taxable property within the district;

9-58 (2) by pledging all or any part of the designated
 9-59 revenues to result from the ownership or operation of the
 9-60 district's works, improvements, facilities, plants, equipment, and
 9-61 appliances or under specific contracts for the period of time the
 9-62 board determines;

9-63 (3) by pledging all or part of any funds or revenues
 9-64 available to the district; or

9-65 (4) a combination of the sources set forth in
 9-66 Subdivisions (1), [and] (2), and (3) of this section.

9-67 SECTION 30. Section 54.505, Water Code, is amended to read
 9-68 as follows:

9-69 Sec. 54.505. ELECTION ON TAX BONDS. Bonds payable solely

10-1 from revenues may be issued by resolution or order of the board
 10-2 without an election, but no bonds, except refunding bonds, payable
 10-3 wholly or partially from ad valorem taxes shall be issued until
 10-4 authorized by a majority vote of the resident electors of the
 10-5 district voting in an election called and held for that purpose. An
 10-6 election is not required to pledge revenues to the payment of bonds.

10-7 SECTION 31. Sections 54.739 and 54.744, Water Code, are
 10-8 amended to read as follows:

10-9 Sec. 54.739. SUBSTITUTING LAND OF EQUAL [ACREAGE AND]
 10-10 VALUE. After the district is organized and acquires facilities
 10-11 with which to function for the purposes for which it was organized,
 10-12 and votes, issues and sells bonds for such purposes, land within the
 10-13 district boundaries subject to taxation that does not need or
 10-14 utilize the services of the district may be excluded and other land
 10-15 not within the boundaries of the district may be included within the
 10-16 boundaries of the district without impairment of the security for
 10-17 payment of the bonds or invalidation of any prior bond election, as
 10-18 provided by [the provisions of] this section and Sections 54.740
 10-19 [54.741] through 54.747 [54.748 subject to commission approval].

10-20 Sec. 54.744. IMPAIRMENT OF SECURITY. For purposes of the
 10-21 board's consideration of the applications, the lands proposed for
 10-22 inclusion shall be deemed to be sufficient to avoid an impairment of
 10-23 the security for payment of obligations of the district if:

10-24 (1) according to the most recent [county] tax roll of
 10-25 the district or the most recently certified estimates of taxable
 10-26 value from the chief appraiser of the appropriate appraisal
 10-27 district [rolls], the taxable value of such included lands equals
 10-28 or exceeds the taxable value of the excluded lands;

10-29 (2) either the estimated costs of providing district
 10-30 facilities and services to such included lands is equal to or less
 10-31 than the estimated costs of providing district facilities and
 10-32 services to the excluded lands or any increased estimated costs of
 10-33 providing district facilities and services to the included land, as
 10-34 determined by the district's engineer, can be amortized at
 10-35 prevailing bond interest rates and maturity schedules and the
 10-36 prevailing debt service tax rate of the district, as determined by
 10-37 the district's professional financial advisor, when applied to the
 10-38 increase in taxable value of the included land over the taxable
 10-39 value of the excluded land; and

10-40 (3) the district's outstanding bonds or contract
 10-41 obligations are payable in whole or in part by a pledge of net
 10-42 revenues from the ownership or operation of the district's
 10-43 facilities, and the projected net revenues to be derived from the
 10-44 lands to be included during the succeeding 12-month period, as
 10-45 determined by the district's engineer, equals or exceeds the
 10-46 projected net revenues that would otherwise have been derived from
 10-47 the lands to be excluded during the same period.

10-48 SECTION 32. Subchapter H, Chapter 54, Water Code, is
 10-49 amended by adding Sections 54.748 and 54.749 to read as follows:

10-50 Sec. 54.748. EXCLUSION OF LAND FOR FAILURE TO PROVIDE
 10-51 SUFFICIENT SERVICES; BONDS OUTSTANDING. (a) This section applies
 10-52 only to a district that has a total area of more than 5,000 acres.

10-53 (b) The board shall call a hearing on the exclusion of land
 10-54 from the district on a written petition filed with the secretary of
 10-55 the board by a landowner whose land has been included in and taxable
 10-56 by the district for more than 28 years if any bonds issued by the
 10-57 district payable in whole or in part from taxes of the district are
 10-58 outstanding and the petition:

10-59 (1) includes a signed petition evidencing the consent
 10-60 of the owners of a majority of the acreage proposed to be excluded,
 10-61 as reflected by the most recent certified tax roll of the district;

10-62 (2) includes a claim that the district has not
 10-63 provided the land with utility services;

10-64 (3) describes the property to be excluded;

10-65 (4) provides, at the petitioner's expense, facts
 10-66 necessary for the board to make the findings required by Subsection
 10-67 (c); and

10-68 (5) is filed before August 31, 2005.

10-69 (c) The board may exclude land under this section only on

11-1 finding that:

11-2 (1) the district has never provided utility services
 11-3 to the land described by the petition;

11-4 (2) the district has imposed a tax on the land for more
 11-5 than 28 years;

11-6 (3) all taxes the district has levied and assessed
 11-7 against the land and all fees and assessments the district has
 11-8 imposed against the land or the owner that are due and payable on or
 11-9 before the date of the petition are fully paid; and

11-10 (4) the executive director has reviewed the economic
 11-11 impact of the proposed exclusion of land and does not oppose the
 11-12 exclusion.

11-13 (d) If evidence presented at the hearing conclusively
 11-14 demonstrates that the requirements and grounds for exclusion
 11-15 described by Subsections (b) and (c) have been met, the board may
 11-16 enter an order excluding the land from the district. If the board
 11-17 enters an order excluding the land, the board shall redefine in the
 11-18 order the boundaries of the district to embrace all land not
 11-19 excluded.

11-20 (e) A copy of an order excluding land and redefining the
 11-21 boundaries of the district shall be filed in the deed records of the
 11-22 county in which the district is located.

11-23 (f) The exclusion of land under this section does not impair
 11-24 the rights of holders of any outstanding bonds, warrants, or other
 11-25 certificates of indebtedness of the district.

11-26 (g) After any land is excluded under this section, the
 11-27 district may issue any unissued additional debt approved by the
 11-28 voters of the district before exclusion of the land under this
 11-29 section without holding a new election. Additional debt issued
 11-30 after land is excluded from the district may not be payable from and
 11-31 does not create a lien against the taxable value of the excluded
 11-32 land.

11-33 (h) For purposes of this section and Section 54.749, "land"
 11-34 includes any improvements to the land, and when used in the context
 11-35 of property taxes, "land" has the meaning assigned to "real
 11-36 property" by Section 1.04, Tax Code.

11-37 Sec. 54.749. TAX LIABILITY OF EXCLUDED LAND; BONDS
 11-38 OUTSTANDING. (a) Land excluded from the district under Section
 11-39 54.748 that is pledged as security for any outstanding debt of the
 11-40 district remains pledged for its pro rata share of the debt until
 11-41 final payment is made. The district shall continue to levy and
 11-42 collect taxes on the excluded land at the same rate levied on land
 11-43 remaining in the district until the amount of taxes collected from
 11-44 the excluded land equals the land's pro rata share of the district's
 11-45 debt outstanding at the time the land was excluded from the
 11-46 district.

11-47 (b) The district shall apply the taxes collected on the
 11-48 excluded land only to the payment of the excluded land's pro rata
 11-49 share of the debt.

11-50 SECTION 33. Section 57.015(b), Water Code, is amended to
 11-51 read as follows:

11-52 (b) The notice shall be posted at the courthouse door and at
 11-53 a place [four different places] inside the proposed district. If
 11-54 the district is located in more than one county, the person posting
 11-55 the notice shall post a copy at the courthouse door in each county
 11-56 in which any portion of the proposed district is located and at a
 11-57 place [four separate places] inside the boundaries of that portion
 11-58 of the district located in each county. The notice shall be posted
 11-59 for at least 10 days before the date of the hearing.

11-60 SECTION 34. Section 57.092(a), Water Code, is amended to
 11-61 read as follows:

11-62 (a) The district may enter into all necessary and proper
 11-63 contracts and employ all persons and means necessary to purchase,
 11-64 acquire, build, construct, complete, carry out, maintain, protect,
 11-65 and, in case of necessity, add to and rebuild all works and
 11-66 improvements necessary or proper to fully accomplish the purposes
 11-67 of the district, including the reclamation of land within the
 11-68 district [a reclamation plan lawfully adopted for the district].

11-69 SECTION 35. Section 57.104, Water Code, is amended to read

12-1 as follows:

12-2 Sec. 57.104. CONSTRUCTION OF [DUTY TO CONSTRUCT APPROVED]
 12-3 IMPROVEMENTS. The district may shall construct all improvements
 12-4 necessary or convenient to accomplish the purposes of the district
 12-5 [included in the plan of reclamation approved by the commission].

12-6 SECTION 36. Section 57.108(b), Water Code, is amended to
 12-7 read as follows:

12-8 (b) Contracts may be awarded or entered in sections for the
 12-9 purpose of the purchase, acquisition, construction, and
 12-10 improvement of pumping equipment, reservoirs, culverts, bridges,
 12-11 and drainage improvements as these may become necessary, but as
 12-12 funds are available, the district shall comply with Section
 12-13 57.104].

12-14 SECTION 37. The heading to Section 57.116, Water Code, is
 12-15 amended to read as follows:

12-16 Sec. 57.116. ENGINEER'S CONSTRUCTION REPORT.

12-17 SECTION 38. Section 57.116(a), Water Code, is amended to
 12-18 read as follows:

12-19 (a) As [the] work [on the plan of reclamation] progresses on
 12-20 the district's improvements, the engineer shall make a report to
 12-21 the board, showing in detail whether or not the contract is being
 12-22 fulfilled.

12-23 SECTION 39. Section 57.117(b), Water Code, is amended to
 12-24 read as follows:

12-25 (b) If the executive director finds that the work has not
 12-26 been done in strict accordance with the contract, he shall
 12-27 officially certify this fact, and in the certificate he shall state
 12-28 where the contractor has failed to comply with the contract
 12-29 [approved plan of reclamation].

12-30 SECTION 40. Section 57.118, Water Code, is amended to read
 12-31 as follows:

12-32 Sec. 57.118. COMPLIANCE WITH CONTRACT. After the board
 12-33 receives a report that the contractor has failed to comply with the
 12-34 contract, it shall demand that the contractor comply with the
 12-35 requirements of the contract [approved plan of reclamation] at his
 12-36 own expense, and no further accounts, claims, or vouchers submitted
 12-37 by the contractor shall be approved or paid until the contractor
 12-38 complies with the requirements of the executive director by
 12-39 constructing the improvement in accordance with the contract [plan
 12-40 of reclamation].

12-41 SECTION 41. The heading to Subchapter E, Chapter 57, Water
 12-42 Code, is amended to read as follows:

12-43 SUBCHAPTER E. ENGINEER'S REPORT [PLAN OF RECLAMATION]

12-44 SECTION 42. Sections 57.177(a) and (c), Water Code, are
 12-45 amended to read as follows:

12-46 (a) If the district wants to carry out its purposes [plan of
 12-47 reclamation] without issuing bonds, the board may arrange for
 12-48 contributions from landowners or other sources to provide the funds
 12-49 required to complete the improvements.

12-50 (c) If the district creates an indebtedness under this
 12-51 section, the indebtedness may not be more than:

12-52 (1) the cost of construction of the improvements
 12-53 included in the engineer's report [plan of reclamation];

12-54 (2) the cost [as approved by the commission] of
 12-55 maintaining the improvements for two years; and

12-56 (3) an additional amount equal to 10 percent to meet
 12-57 emergencies, modifications, and changes lawfully made, plus
 12-58 damages awarded against the district.

12-59 SECTION 43. Section 57.208(b), Water Code, is amended to
 12-60 read as follows:

12-61 (b) The bonds shall be known as "Levee Improvement Bonds"
 12-62 [and shall state on their face the purpose for which they are
 12-63 issued].

12-64 SECTION 44. Section 57.216, Water Code, is amended to read
 12-65 as follows:

12-66 Sec. 57.216. PROVIDING FOR ADDITIONAL FUNDS. (a) If the
 12-67 improvements in the engineer's report [plan of reclamation adopted
 12-68 for the district] are insufficient to reclaim all of the land and
 12-69 other property inside the district, extensive repairs or additions

13-1 to the improvements are necessary, or additional funds are needed
 13-2 to complete improvements, the board may provide additional funds
 13-3 for the district by following the provisions of this chapter for
 13-4 raising funds [~~for the original plan of reclamation~~].

13-5 (b) If the board creates additional indebtedness or issues
 13-6 additional bonds, the indebtedness or bonds are subject to the
 13-7 provisions of this chapter relating to the issuance of bonds. [~~The~~
 13-8 ~~new or amended plan of reclamation must be approved by the~~
 13-9 ~~commission.~~]

13-10 SECTION 45. Section 57.260(a), Water Code, is amended to
 13-11 read as follows:

13-12 (a) If a district levies taxes on the benefit basis, the
 13-13 commissioners court of each county in which any portion of that
 13-14 district is located shall levy and have assessed and collected
 13-15 taxes on all taxable property inside the district, based on the net
 13-16 benefits which the commissioners of appraisement find will accrue
 13-17 to each piece of property from the improvements described in the
 13-18 engineer's report [completion of the plan of reclamation] or other
 13-19 authorized improvements [improvement].

13-20 SECTION 46. Section 57.261, Water Code, is amended to read
 13-21 as follows:

13-22 Sec. 57.261. APPOINTMENT OF COMMISSIONERS OF APPRAISEMENT.
 13-23 ~~The [After the plan of reclamation is approved and adopted, the]~~
 13-24 commissioners court of the county of jurisdiction in a district
 13-25 levying taxes on the benefit basis shall appoint three
 13-26 disinterested commissioners, known as "commissioners of
 13-27 appraisement."

13-28 SECTION 47. Sections 57.265(c) and (d), Water Code, are
 13-29 amended to read as follows:

13-30 (c) The commissioners of appraisement shall view:
 13-31 (1) the land inside the district;
 13-32 (2) other land which will be affected by the engineer's
 13-33 report [plan of reclamation] if carried out;
 13-34 (3) all public roads, railroads, rights-of-way, and
 13-35 other property or improvements located on the land; and
 13-36 (4) land inside or outside the district which may be
 13-37 acquired under the provisions of this chapter for any purpose
 13-38 connected with or incident to carrying out the engineer's report
 13-39 [plan of reclamation].

13-40 (d) The commissioners of appraisement shall assess the
 13-41 amounts of benefits and all damages that will accrue to any tract of
 13-42 land inside the district or any land outside the district which may
 13-43 be affected by the engineer's report [plan of reclamation], or any
 13-44 public highway, railroad, right-of-way, roadway, or other
 13-45 property.

13-46 SECTION 48. Section 57.266(a), Water Code, is amended to
 13-47 read as follows:

13-48 (a) The commissioners of appraisement shall prepare a
 13-49 report of their findings. The report shall include:
 13-50 (1) the name of the owner of each piece of property
 13-51 examined and assessed;
 13-52 (2) a description which will identify each piece of
 13-53 property; and
 13-54 (3) the value of all property to be taken or acquired
 13-55 for rights-of-way or any other purposes connected with carrying out
 13-56 the engineer's report [plan of reclamation as finally approved by
 13-57 the commission].

13-58 SECTION 49. Sections 57.267(b), (c), and (d), Water Code,
 13-59 are amended to read as follows:

13-60 (b) The notice shall be published in a newspaper published
 13-61 in each county in which any part of the district is located, or in
 13-62 which any land lies that will be in any way affected by the proposed
 13-63 engineer's report [plan of reclamation]. The notice shall be
 13-64 published once a week for two consecutive weeks before the date of
 13-65 the hearing.

13-66 (c) The notice shall be in substantially the following form:
 13-67 To the owners and all other persons having any interest in
 13-68 land lying in _____ County, take notice, that a copy of the
 13-69 engineer's report [plan of reclamation] of the _____ Levee

14-1 Improvement District has been filed in the district's office [with
 14-2 the county clerk of this county] and that the commissioners of
 14-3 appraisement have been appointed to assess benefits and damages
 14-4 accruing to land or other property inside or outside the levee
 14-5 improvement district which will be benefited, taken, damaged, or
 14-6 affected in some way by the carrying out of the engineer's report
 14-7 [plan of reclamation]. The report of the commissioners of
 14-8 appraisement has been filed in my office at _____, and all
 14-9 interested persons may examine the report and make an objection to
 14-10 all or any part of the report. A person who claims damage to his
 14-11 land and to whose land no damages have been assessed in the report
 14-12 must file a claim for damage in my office on or before _____,
 14-13 [19]_____. A person who fails to make an objection or to file a claim
 14-14 for damages is deemed to have waived his right to object or claim
 14-15 damages. The commissioners of appraisement will meet on _____,
 14-16 [19]_____, to hear and act on objections to their report and claims
 14-17 for damages.

14-18 Secretary, Board of Directors

14-19 Levee Improvement District
 14-20 (d) The secretary shall mail written notice to each person
 14-21 whose property is listed in the report of the commissioners of
 14-22 appraisement, if the office address is known. This notice shall
 14-23 state in substance:

14-24 (1) that the report of the commissioners of
 14-25 appraisement assessing benefits and damages accruing to land and
 14-26 other property because of the engineer's report [plan of
 14-27 reclamation] for the district has been filed in the district's
 14-28 [secretary's] office;

14-29 (2) that all persons interested may examine the report
 14-30 and make objections to it in whole or in part; and

14-31 (3) that the commissioners of appraisement will meet
 14-32 on the day and at the place named to hear and act on objections to
 14-33 the report.

14-34 SECTION 50. Sections 57.269(a) and (b), Water Code, are
 14-35 amended to read as follows:

14-36 (a) An owner of land or other property affected by the
 14-37 report of the commissioners of appraisement or by the engineer's
 14-38 report [plan of reclamation] may file an objection to any or all
 14-39 parts of the report of the commissioners of appraisement at or
 14-40 before the hearing on the report.

14-41 (b) A person on whose land no damages have been assessed and
 14-42 who believes that his land will be damaged by prosecution of the
 14-43 engineer's report [plan of reclamation] may file with the secretary
 14-44 of the board a claim for damages.

14-45 SECTION 51. Sections 57.270(e), (j), and (k), Water Code,
 14-46 are amended to read as follows:

14-47 (e) The secretary in not less than five days after the
 14-48 appeal is filed shall send to the district clerk:

14-49 (1) the engineer's report [plan of reclamation] or a
 14-50 certified copy of it;

14-51 (2) a transcript of that part of the commissioners of
 14-52 appraisement's report affecting the lands concerned in the appeal;

14-53 (3) a transcript of the claim for damages; and

14-54 (4) a transcript of the action of the commissioners of
 14-55 appraisement on the claim.

14-56 (j) No appeal may delay carrying out the engineer's report
 14-57 [plan of reclamation], and if the board pays to the district clerk
 14-58 the amount of damages awarded by the commissioners of appraisement
 14-59 to a claimant who is appealing their decree, and if the board makes
 14-60 bond to pay to the claimant any additional amount that he may be
 14-61 awarded on his appeal, title to the condemned property that is the
 14-62 subject of the appeal vests in the district, and the district is
 14-63 entitled to immediate possession.

14-64 (k) No person may claim damages against the district, its
 14-65 board, officers, or agents because of the prosecution of the
 14-66 engineer's report [plan of reclamation] if he owns or has an
 14-67 interest in land in a county in which [a copy of the plan of
 14-68 reclamation has been filed and in which] notice has been published

15-1 of the hearing before the commissioners of appraisement, and he has
 15-2 failed to file a claim for damages or an objection to the damages
 15-3 assessed by the commissioners of appraisement against his land, or
 15-4 if he has filed a claim or objection but has failed to appeal from an
 15-5 adverse ruling on his claim or objection.

15-6 SECTION 52. Section 57.273(b), Water Code, is amended to
 15-7 read as follows:

15-8 (b) If the engineer's report [plan of reclamation] is
 15-9 changed or modified, or if extensive repairs or additions to the
 15-10 engineer's report [plan of reclamation] are desired, the board
 15-11 shall file a petition with the commissioners court describing the
 15-12 changes, modifications, repairs, or additions.

15-13 SECTION 53. Section 57.274(b), Water Code, is amended to
 15-14 read as follows:

15-15 (b) The commissioners court shall order a reassessment of
 15-16 benefits if it finds that the aggregate amount of assessed benefits
 15-17 as shown by the previous final judgment and decree is insufficient
 15-18 to carry out the original engineer's report [plan of reclamation]
 15-19 or changes, repairs, or additions to the report [plan] or there has
 15-20 been a material change in the relative value of the benefits
 15-21 conferred on the property in the district, or for some reason the
 15-22 assessment of benefits is inadequate or inequitable.

15-23 SECTION 54. Section 57.275(d), Water Code, is amended to
 15-24 read as follows:

15-25 (d) If the engineer's report [plan of reclamation] is
 15-26 modified, or if extensive repairs or additions are made, the
 15-27 provisions of this section apply to districts that levy taxes on the
 15-28 ad valorem basis, but the commissioners of appraisement shall
 15-29 assess only the damages which will accrue to the property inside or
 15-30 outside the district as a result of the changes in the report
 15-31 [plan].

15-32 SECTION 55. Section 67.010(d), Water Code, is amended to
 15-33 read as follows:

15-34 (d) A political subdivision may contract with a corporation
 15-35 under Section 402.014, Local Government Code, to carry out this
 15-36 chapter. If a corporation issues bonds secured by a contract
entered into under Section 402.014, Local Government Code, the
corporation is considered to be acting for or on behalf of that
political subdivision for the purposes of Section 1201.002(1),
Government Code. A political subdivision is authorized to approve
by ordinance, resolution, or order the articles of incorporation
and the bylaws of a corporation that is created for the purpose of
constructing facilities under a contract as provided by Section
402.014, Local Government Code.

15-45 SECTION 56. The following provisions are repealed:

15-46 (1) Sections 54.0163(e), 54.508, 57.094, 57.108(a),
 15-47 57.154(b), and 57.156, Water Code;

15-48 (2) Section 402.908, Local Government Code; and

15-49 (3) Subchapter C, Chapter 441, Transportation Code.

15-50 SECTION 57. (a) A provision of a strategic partnership
 15-51 agreement entered into before the effective date of this Act that
 15-52 does not comply with Section 43.0751(f)(2), Local Government Code,
 15-53 as amended by this Act, is not enforceable after the effective date
 15-54 of this Act to the extent of the noncompliance.

15-55 (b) Section 43.127(a), Local Government Code, as amended by
 15-56 this Act, applies to an area described by Section 43.123(e), Local
 15-57 Government Code, as added by this Act, that is annexed for limited
 15-58 purposes in connection with a strategic partnership agreement
 15-59 before, on, or after September 1, 2003.

15-60 (c) The change in law made by Subsection (d), Section 4.10,
 15-61 Chapter 1029, Acts of the 76th Legislature, Regular Session, 1999,
 15-62 as added by this Act, applies only to a contract between the North
 15-63 Harris County Regional Water Authority and a municipality that was
 15-64 entered into after January 1, 2002.

15-65 (d) For the 2003 tax year, the change in law made by Section
 15-66 49.236, Water Code, applies only to a conservation and reclamation
 15-67 district created under Section 52, Article III, or Section 59,
 15-68 Article XVI, Texas Constitution, and governed by Chapter 49, Water
 15-69 Code, that adopts its tax rate on or after September 1, 2003. For

16-1 the 2003 tax year, a district that adopts its tax rate before
16-2 September 1, 2003, is governed by the law as it existed prior to the
16-3 effective date of this Act, and that law is continued in effect for
16-4 that purpose.

16-5 SECTION 58. This Act takes effect immediately if it
16-6 receives a vote of two-thirds of all the members elected to each
16-7 house, as provided by Section 39, Article III, Texas Constitution.
16-8 If this Act does not receive the vote necessary for immediate
16-9 effect, this Act takes effect September 1, 2003.

16-10

* * * * *