

1-1 By: Hinojosa S.B. No. 1056  
 1-2 (In the Senate - Filed February 21, 2023; March 3, 2023,  
 1-3 read first time and referred to Committee on Local Government;  
 1-4 April 24, 2023, reported adversely, with favorable Committee  
 1-5 Substitute by the following vote: Yeas 8, Nays 0; April 24, 2023,  
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12			X	
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 1056 By: Eckhardt

1-19 A BILL TO BE ENTITLED  
 1-20 AN ACT

1-21 relating to the directors and administration of the Hidalgo County  
 1-22 Water Improvement District No. 3; creating a criminal offense.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Subtitle I, Title 6, Special District Local Laws  
 1-25 Code, is amended by adding Chapter 9054 to read as follows:

1-26 CHAPTER 9054. HIDALGO COUNTY WATER IMPROVEMENT DISTRICT NO. 3

1-27 SUBCHAPTER A. GENERAL PROVISIONS

1-28 Sec. 9054.0001. DEFINITIONS. In this chapter:

1-29 (1) "Board" means the district's board of directors.

1-30 (2) "Commission" means the Texas Commission on  
 1-31 Environmental Quality.

1-32 (3) "Director" means a board member.

1-33 (4) "District" means the Hidalgo County Water  
 1-34 Improvement District No. 3.

1-35 Sec. 9054.0002. NATURE OF DISTRICT. The district is a  
 1-36 conservation and reclamation district organized to accomplish the  
 1-37 purposes of Section 59, Article XVI, Texas Constitution, and  
 1-38 operating as a water control and improvement district in accordance  
 1-39 with Chapters 49 and 51, Water Code.

1-40 SUBCHAPTER B. ELECTIONS

1-41 Sec. 9054.0101. ELECTIONS. (a) The district shall hold an  
 1-42 election on the uniform election date in November of each  
 1-43 even-numbered year to elect the appropriate number of directors.

1-44 (b) The district shall contract with the county elections  
 1-45 administrator as provided by Subchapter D, Chapter 31, Election  
 1-46 Code, to perform all duties and functions of the district in  
 1-47 relation to an election of directors.

1-48 (c) Section 49.110, Water Code, does not apply to the  
 1-49 district.

1-50 (d) The exemptions provided by Section 49.111, Water Code,  
 1-51 do not apply to the district.

1-52 Sec. 9054.0102. ELIGIBILITY TO VOTE. To be eligible to vote  
 1-53 in an election in the district, a person must be:

1-54 (1) a qualified voter as defined by Section 11.002,  
 1-55 Election Code, on the day the person offers to vote; and

1-56 (2) a person who resides on land inside the territory  
 1-57 defined by the boundaries of the district as those boundaries  
 1-58 existed on January 1, 2011.

1-59 Sec. 9054.0103. PROCEDURES FOR IDENTIFYING VOTERS;  
 1-60 PROVISIONAL VOTING. (a) The district shall submit to the registrar

2-1 a description or map of the territory defined by the boundaries of  
2-2 the district as those boundaries existed on January 1, 2011, that is  
2-3 in sufficient detail to enable the registrar to produce the  
2-4 official list of the district's eligible voters.

2-5 (b) The district shall submit the information required  
2-6 under this section not later than the 30th day after the date of the  
2-7 last day to order a general or special election.

2-8 (c) If county election officials are unable to verify  
2-9 whether a voter is eligible under Section 9054.0102, the voter may  
2-10 be accepted to vote only provisionally under Section 63.011,  
2-11 Election Code.

2-12 Sec. 9054.0104. BOND AND CONTRACT ELECTIONS; NOVEMBER  
2-13 DATES. (a) A bond election held by the district must be held in  
2-14 accordance with Section 49.106, Water Code, except that the  
2-15 district may not hold the election on a date other than the uniform  
2-16 election date prescribed by Section 41.001, Election Code, that  
2-17 occurs in November of the applicable tax year.

2-18 (b) A contract election held by the district must be held in  
2-19 accordance with Section 49.108, Water Code, except that the  
2-20 district may not hold the election on a date other than the uniform  
2-21 election date prescribed by Section 41.001, Election Code, that  
2-22 occurs in November of the applicable tax year.

2-23 SUBCHAPTER C. BOARD OF DIRECTORS

2-24 Sec. 9054.0201. DIRECTORS; TERMS. (a) The district is  
2-25 governed by a board of five directors.

2-26 (b) Directors serve staggered terms of four years and may  
2-27 not serve more than two consecutive terms.

2-28 Sec. 9054.0202. VACANCIES. (a) The district shall fill a  
2-29 vacancy on the board in accordance with Sections 49.105(a)-(c),  
2-30 Water Code.

2-31 (b) If a position on the board becomes vacant on a date that  
2-32 is more than two years before the next scheduled date for an  
2-33 election for the office, the board shall:

2-34 (1) appoint a person to fill the vacant office until a  
2-35 person elected to that office has qualified; and

2-36 (2) hold an election to elect a member to fill the  
2-37 vacant office for the remainder of the unexpired term together with  
2-38 the next regularly scheduled election for other directors' offices.

2-39 (c) Section 49.105(d) does not apply to the board.

2-40 Sec. 9054.0203. QUALIFICATIONS FOR DIRECTOR. (a) To be  
2-41 qualified to serve as a director, a person:

2-42 (1) must be eligible to hold office under Section  
2-43 141.001, Election Code, and Section 9054.0204; and

2-44 (2) must:

2-45 (A) own land subject to taxation in the district;

2-46 (B) be a user of the facilities of the district;

2-47 or

2-48 (C) be a qualified voter of the district under  
2-49 Section 9054.0102.

2-50 (b) Section 49.052, Water Code, applies to the district.

2-51 Sec. 9054.0204. DISQUALIFICATION OF DIRECTORS. (a) A  
2-52 member of the governing body of another political subdivision is  
2-53 disqualified from serving as a director.

2-54 (b) A director is disqualified from serving as a director  
2-55 if:

2-56 (1) the director is appointed or elected as a member of  
2-57 the governing body of another political subdivision; or

2-58 (2) the board determines a relationship or employment  
2-59 exists that constitutes a disqualification under Section  
2-60 49.052(a), Water Code.

2-61 (c) A person is disqualified from serving as a director if  
2-62 the person or a relative of the person within the third degree by  
2-63 consanguinity or affinity, as determined by Chapter 573, Government  
2-64 Code:

2-65 (1) received 10 percent or more of gross income for the  
2-66 previous year from a business entity or other organization, other  
2-67 than a governmental entity, that receives money from the district;

2-68 (2) is employed by or participates in the management  
2-69 of a business entity or other organization, other than a

3-1 governmental entity, that receives money from the district;  
 3-2 (3) directly or indirectly owns or controls more than  
 3-3 a 10 percent interest in the fair market value of a business or  
 3-4 other organization that receives money from the district;  
 3-5 (4) serves as a corporate officer or member of the  
 3-6 board of directors of a business entity or other organization that  
 3-7 receives money from the district;  
 3-8 (5) is a creditor, debtor, or guarantor in an amount of  
 3-9 \$5,000 or more of a person or business entity that receives money  
 3-10 from the district;  
 3-11 (6) uses or receives a substantial amount of tangible  
 3-12 goods, services, or money from the district other than compensation  
 3-13 or reimbursement authorized by law; or  
 3-14 (7) is required to register as a lobbyist under  
 3-15 Chapter 305, Government Code, because of the person's activities  
 3-16 for compensation on behalf of a profession related to the operation  
 3-17 of the district.

3-18 Sec. 9054.0205. DIRECTORS' EDUCATION PROGRAM. (a) The  
 3-19 board shall establish a program of education for the directors that  
 3-20 includes information on:

3-21 (1) the history of the district;  
 3-22 (2) the district's statutory authority;  
 3-23 (3) laws applicable to the district, including the  
 3-24 requirements of Chapters 551 and 552, Government Code;  
 3-25 (4) relevant legal developments related to water  
 3-26 district governance;  
 3-27 (5) the duties and responsibilities of the board;  
 3-28 (6) conflict of interest laws and other laws related  
 3-29 to public officials; and  
 3-30 (7) any applicable ethics policies adopted by the  
 3-31 commission or the Texas Ethics Commission.

3-32 (b) The district shall pay from district revenue the costs  
 3-33 associated with the development of the education program.

3-34 (c) The education program may include training provided by  
 3-35 an organization offering courses that have been approved by the  
 3-36 commission.

3-37 (d) The board may adopt bylaws modifying the education  
 3-38 program as necessary to meet district needs.

3-39 Sec. 9054.0206. MANDATORY EDUCATION FOR DIRECTORS. (a)  
 3-40 Each director shall complete the education program established  
 3-41 under Section 9054.0205 before the first anniversary of the date on  
 3-42 which the director was appointed or elected.

3-43 (b) The district shall reimburse a director for the  
 3-44 reasonable expenses incurred by the director in attending the  
 3-45 education program.

3-46 (c) A director who is elected to serve a subsequent term  
 3-47 shall fulfill the education requirements specified by district  
 3-48 bylaws.

3-49 Sec. 9054.0207. DIRECTORS' CONFLICTS OF INTEREST. A  
 3-50 director is subject to the provisions of Chapters 171 and 176, Local  
 3-51 Government Code, relating to the regulation of conflicts of  
 3-52 interest of officers of local governments.

3-53 Sec. 9054.0208. REMOVAL OF DIRECTOR. (a) A director may be  
 3-54 removed from the board by a majority of the other directors if the  
 3-55 director:

3-56 (1) does not have at the time of appointment the  
 3-57 qualifications required to be eligible to hold office under Section  
 3-58 141.001, Election Code;

3-59 (2) does not complete the education program as  
 3-60 required by Section 9054.0206;

3-61 (3) does not meet the qualifications for serving under  
 3-62 Section 9054.0203 or is disqualified from serving under Section  
 3-63 9054.0204;

3-64 (4) violates Section 9054.0301;

3-65 (5) misses one-half or more of the regularly scheduled  
 3-66 meetings during the preceding 12 months; or

3-67 (6) has been convicted or plead guilty to a civil or  
 3-68 criminal offense of:

3-69 (A) bribery;

4-1 (B) embezzlement, extortion, or other theft of  
 4-2 public money;  
 4-3 (C) perjury;  
 4-4 (D) coercion of public servant or voter;  
 4-5 (E) tampering with governmental record;  
 4-6 (F) misuse of official information;  
 4-7 (G) abuse of official capacity;  
 4-8 (H) conspiracy to commit or an attempted  
 4-9 commission of an offense described by Paragraphs (A)-(G); or  
 4-10 (I) an offense related to the management or  
 4-11 governance of the district.  
 4-12 (b) The board shall adopt procedures for the removal of a  
 4-13 director under this section that are designed to provide due  
 4-14 process to the director. Procedures adopted under this subsection  
 4-15 must include reasonable notice and public hearing.  
 4-16 (c) The board shall start the process of notice and public  
 4-17 hearing not later than the 30th day after the date the general  
 4-18 manager or a director not subject for removal receives notice of a  
 4-19 violation under Subsection (a). On or before the 60th day after the  
 4-20 date of the public hearing, the remaining board of directors shall  
 4-21 make a determination on whether a violation under Subsection (a)  
 4-22 occurred.  
 4-23 (d) Not later than the 30th day after the date the board  
 4-24 votes to remove a director, the board shall start the process to  
 4-25 fill the vacancy to replace the director with a qualified person.  
 4-26 (e) Reasonable notice and a public hearing are not required  
 4-27 if the director to be removed expressly and in writing waives the  
 4-28 notice and hearing.  
 4-29 Sec. 9054.0209. FILING DIRECTOR'S FINANCIAL STATEMENT. (a)  
 4-30 A director shall file the financial statement required of state  
 4-31 officers under Subchapter B, Chapter 572, Government Code, with the  
 4-32 Texas Ethics Commission.  
 4-33 (b) Subchapter B, Chapter 572, Government Code:  
 4-34 (1) applies to a director as if the director were a  
 4-35 state officer; and  
 4-36 (2) governs the contents, timeliness of filing, and  
 4-37 public inspection of a statement filed under Subsection (a).  
 4-38 (c) A director commits an offense if the director fails to  
 4-39 file the statement required by Subsection (a). An offense under  
 4-40 this subsection is a Class B misdemeanor.  
 4-41 Sec. 9054.0210. SPECIAL DIRECTOR. (a) The governing body  
 4-42 of a municipality that enters into a contract or agreement with a  
 4-43 district located within at least 80 percent of the corporate limits  
 4-44 or extraterritorial jurisdiction of a municipality may appoint a  
 4-45 special director to the board. The governing body may appoint not  
 4-46 more than one special director to serve at a time, irrespective of  
 4-47 the number of contracts or agreements that are in effect.  
 4-48 (b) Notwithstanding Section 51.072, Water Code, a special  
 4-49 director is not required to own land subject to taxation in the  
 4-50 district or be a qualified voter of the district.  
 4-51 (c) A special director serves as a director only during the  
 4-52 period a contract or agreement described by Subsection (a) is in  
 4-53 effect. If a contract or agreement is in effect for a term of more  
 4-54 than four years, a special director serves a four-year term of  
 4-55 office. The governing body of the municipality that appointed a  
 4-56 special director shall fill a vacancy in the office of special  
 4-57 director.  
 4-58 (d) A special director may vote only on a matter before the  
 4-59 board that is directly related to the subject of the contract or  
 4-60 agreement between the municipality and the district.  
 4-61 (e) A matter on which a special director may vote requires  
 4-62 at least four affirmative votes for passage.  
 4-63 SUBCHAPTER D. DISTRICT ADMINISTRATION  
 4-64 Sec. 9054.0301. PROHIBITED CONDUCT FOR DIRECTORS AND  
 4-65 DISTRICT EMPLOYEES. A director or a district employee may not:  
 4-66 (1) accept or solicit a gift, favor, or service that:  
 4-67 (A) might reasonably influence the director or  
 4-68 employee in the discharge of an official duty; or  
 4-69 (B) the director or employee knows or should know

5-1 is offered with the intent to influence the director's or employee's  
 5-2 official conduct;

5-3 (2) accept other employment or engage in a business or  
 5-4 professional activity that the director or employee might  
 5-5 reasonably expect would require or induce the director or employee  
 5-6 to disclose confidential information acquired in the course of the  
 5-7 director's or employee's duties under this chapter;

5-8 (3) accept other employment or compensation that could  
 5-9 reasonably be expected to impair the director's or employee's  
 5-10 independent judgment in the performance of the director's or  
 5-11 employee's duties under this chapter;

5-12 (4) make personal investments that could reasonably be  
 5-13 expected to create a substantial conflict between the director's or  
 5-14 employee's private interest and the interest of the district;

5-15 (5) intentionally or knowingly solicit, accept, or  
 5-16 agree to accept a benefit for the director's or employee's exercise  
 5-17 of powers under this chapter or performance of duties under this  
 5-18 chapter in favor of a third party;

5-19 (6) have a personal interest in an agreement executed  
 5-20 by the district; or

5-21 (7) be employed by, participate in the management of,  
 5-22 or have a substantial interest in a business entity or other  
 5-23 organization, other than a governmental entity, which receives  
 5-24 money from the district.

5-25 Sec. 9054.0302. PROHIBITED HIRING OR CONTRACTING  
 5-26 PRACTICES. If a director is an employee of another taxing entity or  
 5-27 economic development corporation located in Hidalgo County, the  
 5-28 board may not employ as an employee, as a consultant, or on a  
 5-29 contract basis:

5-30 (1) an elected official of the other taxing entity or  
 5-31 economic development corporation that employs the director; or

5-32 (2) a person related within the third degree of  
 5-33 consanguinity or affinity, as determined under Chapter 573,  
 5-34 Government Code, to an elected official described by Subdivision  
 5-35 (1).

5-36 Sec. 9054.0303. POWERS AND DUTIES OF BOARD MEMBERS. (a)  
 5-37 The president is the chief executive officer of the district and  
 5-38 presides at all meetings of the board. The president may execute  
 5-39 documents on behalf of the district.

5-40 (b) The vice president shall act as president in the absence  
 5-41 or disability of the president.

5-42 Sec. 9054.0304. GENERAL MANAGER. (a) The district shall  
 5-43 employ a general manager.

5-44 (b) The general manager serves at the pleasure of and  
 5-45 reports only to the board.

5-46 (c) The general manager may not serve as a director on the  
 5-47 board of directors of the district.

5-48 (d) To be eligible to serve as the general manager, a person  
 5-49 must:

5-50 (1) have previous administrative experience and  
 5-51 training applicable to special districts as general manager; and

5-52 (2) be qualified to perform the duties described by  
 5-53 Section 9054.0305.

5-54 (e) The general manager is subject to the standards for  
 5-55 disqualification for serving as a director described by Section  
 5-56 9054.0204. A person applying to serve as general manager of the  
 5-57 district shall disclose any potential violations of Section  
 5-58 9054.0204 before accepting the position of general manager.

5-59 (f) The board shall determine the compensation and terms of  
 5-60 employment for the general manager. The board may increase the  
 5-61 compensation of the general manager in an amount not to exceed 10  
 5-62 percent of the amount of the general manager's compensation  
 5-63 immediately before the effective date of the increase. If the board  
 5-64 enters into an employment contract with the general manager, the  
 5-65 term of the contract may not exceed two years.

5-66 (g) A failure of the general manager to disclose any  
 5-67 potential violations of Section 9054.0204 is a ground for the  
 5-68 general manager's termination.

5-69 Sec. 9054.0305. DUTIES OF GENERAL MANAGER. (a) The board

6-1 may delegate duties to the general manager except as provided by  
6-2 Subsection (c). The board may not assign the general manager's  
6-3 duties to any other person.

6-4 (b) The general manager shall:

6-5 (1) manage the overall strategy and operations of the  
6-6 district's projects, services, budget, finances, and community  
6-7 relations subject only to orders of the board;

6-8 (2) consult with, advise, and support the board to  
6-9 efficiently accomplish the purposes of the district and to ensure  
6-10 compliance with all regulatory, financing, and legal requirements;

6-11 (3) assist the board in planning, developing, and  
6-12 implementing policies to accomplish the purposes of the district;

6-13 (4) develop and implement policies to improve the  
6-14 district's communication with the district's service community;

6-15 (5) provide leadership and supervision to district  
6-16 employees;

6-17 (6) create and maintain organizational charts to  
6-18 improve the district's effectiveness;

6-19 (7) coordinate and develop short-term and long-term  
6-20 goals for the district;

6-21 (8) monitor current district projects and prioritize  
6-22 future district projects;

6-23 (9) evaluate contracts, grants, and commitments as  
6-24 authorized by the board;

6-25 (10) plan, organize, and direct district programs and  
6-26 services, evaluate the results of those programs and services, and  
6-27 recommend policies, procedures, and board actions based on that  
6-28 evaluation;

6-29 (11) employ all persons necessary for the proper  
6-30 handling of the business and operation of the district and  
6-31 determine the compensation of those employees; and

6-32 (12) perform other general responsibilities as  
6-33 determined by the board.

6-34 (c) The board may not authorize the general manager or other  
6-35 employee of the district to execute a contract or documents on  
6-36 behalf of the district that have a value of \$10,000 or more.

6-37 Sec. 9054.0306. EXCLUSION OF TERRITORY. (a) This section  
6-38 applies to the exclusion of territory by the district under the  
6-39 authority of Subchapters J and J-1, Chapter 49, Water Code, and  
6-40 Subchapter O, Chapter 51, Water Code.

6-41 (b) The district may exclude territory on the basis that the  
6-42 land is in agricultural use only if the land meets the requirements  
6-43 for agricultural use under Section 23.51, Tax Code.

6-44 (c) The district may exclude territory on the basis that the  
6-45 land is nonirrigated property only if the land meets the  
6-46 requirements for nonirrigated property under Section 49.309, Water  
6-47 Code.

6-48 (d) The district may exclude territory on the basis of the  
6-49 property being urban property only if the property meets the  
6-50 requirements of Section 49.3181, Water Code.

6-51 (e) The district may not exclude territory during the period  
6-52 of time between the first day that a candidate may file an  
6-53 application under Section 141.040, Election Code, and the day of  
6-54 the election in which that candidate appears on the ballot.

6-55 (f) The board may not initiate an exclusion of territory  
6-56 unless the board receives an application or petition requesting the  
6-57 exclusion as provided by Subchapter O, Chapter 51, Water Code.

6-58 SUBCHAPTER E. OPERATING PROVISIONS

6-59 Sec. 9054.0401. WATER CHARGES. The district may not charge  
6-60 a rate for the delivery of water to all customers that is greater  
6-61 than the lowest comparable delivery rate charged by any other  
6-62 irrigation district in Hidalgo County.

6-63 Sec. 9054.0402. ADDITION OF TERRITORY. The district may  
6-64 not annex or otherwise add territory to the district.

6-65 Sec. 9054.0403. CONSTRUCTION OR EXPANSION OF WATER DELIVERY  
6-66 SYSTEM. The district may not construct or extend any water delivery  
6-67 system beyond the district boundaries, as those boundaries existed  
6-68 on April 1, 2022.

6-69 Sec. 9054.0404. INFORMATION REQUIRED ON DISTRICT WEBSITE.

7-1 (a) The district shall maintain and update an Internet website.  
7-2 (b) The district shall post regularly for public viewing on  
7-3 the district's Internet website in a manner that is searchable and  
7-4 intuitive to users:  
7-5 (1) the annual financial statement required by Section  
7-6 140.005, Local Government Code;  
7-7 (2) the annual audit report required by Section  
7-8 49.191, Water Code, or the annual financial dormancy affidavit  
7-9 submitted under Section 49.197, Water Code;  
7-10 (3) budget information of the district described by  
7-11 Sections 26.18(4)-(8), Tax Code;  
7-12 (4) property tax rate information of the district  
7-13 described by Sections 26.18(9), (10), (12), and (13), Tax Code;  
7-14 (5) operating information of the district described by  
7-15 Sections 2051.202(d)(2)-(14), Government Code, if applicable,  
7-16 including the name of the general manager; and  
7-17 (6) financial information of the district that  
7-18 satisfies the requirements of Sections 403.0241(c)(9)-(11),  
7-19 Government Code.  
7-20 (c) The district shall update the information under this  
7-21 section routinely as the information and documents become available  
7-22 to and are provided by the designated officers or employees of the  
7-23 district.  
7-24 (d) Not later than the third day before the date a meeting is  
7-25 held by the district, the district shall publish on the district's  
7-26 Internet website the agenda for the meeting.  
7-27 (e) Not later than the third day after the date the district  
7-28 adopts the minutes of a meeting held by the district, the district  
7-29 shall publish on the district's Internet website the minutes  
7-30 adopted by the district.  
7-31 Sec. 9054.0405. SEARCHABLE DISTRICT EXPENDITURE DATABASE.  
7-32 (a) The district shall establish and post on the district's  
7-33 Internet website a database of district check register reports,  
7-34 including district expenditures and contracts. The database must  
7-35 include the amount, date, description, payor, and payee of the  
7-36 expenditures and, if applicable, parties to the contract.  
7-37 (b) The district may not include in the database developed  
7-38 under Subsection (a) a district employee's:  
7-39 (1) personal identifying information, as defined by  
7-40 Section 521.002, Business & Commerce Code; or  
7-41 (2) salary.  
7-42 (c) The district shall display prominently on the  
7-43 district's Internet website a link to the database established  
7-44 under this section.  
7-45 (d) The information provided in the district check register  
7-46 reports must be updated monthly.  
7-47 (e) The district shall maintain in the database information  
7-48 related to an adopted budget as required by this section until the  
7-49 third anniversary of the date the budget was adopted.  
7-50 Sec. 9054.0406. ANNUAL FINANCIAL AUDIT REPORT PROVIDED TO  
7-51 COMMISSION. (a) The district is subject to the audit requirements  
7-52 of Section 49.191, Water Code, unless the district meets the  
7-53 requirements of Section 49.197, Water Code. The district is not  
7-54 exempt under Section 49.198, Water Code, from the audit report  
7-55 unless the district has no outstanding debt obligation or has not  
7-56 issued a public security, as defined by Section 1201.002,  
7-57 Government Code, during the fiscal year.  
7-58 (b) The district shall include in the annual audit report  
7-59 budget-to-actual comparisons in connection with general purpose  
7-60 external financial reporting to demonstrate compliance with  
7-61 applicable law. The district shall include a budgetary comparison  
7-62 schedule of the proprietary fund or enterprise fund to demonstrate  
7-63 compliance with applicable law and contractual provisions.  
7-64 (c) The district shall include in the annual audit report a  
7-65 statistical section that provides a range of trend data covering  
7-66 key financial indicators from the immediately preceding 10 fiscal  
7-67 years, including general government revenues and expenditures,  
7-68 property tax collections, and debt burden.  
7-69 (d) The district shall prepare and present the commission's

8-1 supplementary information schedules in the district's annual audit  
8-2 report. If the district generated more than 70 percent of its  
8-3 operating revenue for the delivery of raw water used for municipal  
8-4 purpose, the district may not claim in its annual audit report the  
8-5 exemption applicable to a district whose only purpose is to provide  
8-6 irrigation or navigation facilities or services.

8-7 (e) The information required by this section must be  
8-8 subjected to the auditing procedures applied in the audit of the  
8-9 basic financial statements and, accordingly, the independent  
8-10 auditor's opinion of the information.

8-11 (f) Not later than the third day after the date the  
8-12 accountant finalizes the audit required by this section, the  
8-13 district shall publish the audit on the district's Internet  
8-14 website.

8-15 Sec. 9054.0407. REVIEW AND COMMENT ON BUDGET. The district  
8-16 shall develop and implement a program that provides the district's  
8-17 wholesale customers an opportunity to review and comment on the  
8-18 district's annual budget that applies to the wholesale customers'  
8-19 services before the board adopts that budget.

8-20 Sec. 9054.0408. INTERNET POSTING OF MEETING MATERIALS;  
8-21 RECORDING OF CERTAIN HEARINGS. The district is subject to the  
8-22 requirements of Section 551.1283, Government Code.

8-23 SECTION 2. (a) A person who has served as a director of the  
8-24 Hidalgo County Water Improvement District No. 3 for more than eight  
8-25 consecutive years as of the effective date of this Act is  
8-26 disqualified from serving another term as a director of that  
8-27 district.

8-28 (b) A director described by Subsection (a) of this section  
8-29 serving on the board of directors of the Hidalgo County Water  
8-30 Improvement District No. 3 immediately before the effective date of  
8-31 this Act may continue to serve as director of that district for the  
8-32 remainder of the director's term.

8-33 SECTION 3. Not later than the 30th day after the effective  
8-34 date of this Act, the board of directors of the Hidalgo County Water  
8-35 Improvement District No. 3 shall adopt procedures for the removal  
8-36 of a director of that district under Section 9054.0208, Special  
8-37 District Local Laws Code, as added by this Act.

8-38 SECTION 4. Sections 1 through 7, Chapter 1022 (S.B. 2185),  
8-39 Acts of the 87th Legislature, Regular Session, 2021, are repealed.

8-40 SECTION 5. (a) The legal notice of the intention to  
8-41 introduce this Act, setting forth the general substance of this  
8-42 Act, has been published as provided by law, and the notice and a  
8-43 copy of this Act have been furnished to all persons, agencies,  
8-44 officials, or entities to which they are required to be furnished  
8-45 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
8-46 Government Code.

8-47 (b) The governor, one of the required recipients, has  
8-48 submitted the notice and Act to the Texas Commission on  
8-49 Environmental Quality.

8-50 (c) The Texas Commission on Environmental Quality has filed  
8-51 its recommendations relating to this Act with the governor, the  
8-52 lieutenant governor, and the speaker of the house of  
8-53 representatives within the required time.

8-54 (d) All requirements of the constitution and laws of this  
8-55 state and the rules and procedures of the legislature with respect  
8-56 to the notice, introduction, and passage of this Act are fulfilled  
8-57 and accomplished.

8-58 SECTION 6. This Act takes effect immediately if it receives  
8-59 a vote of two-thirds of all the members elected to each house, as  
8-60 provided by Section 39, Article III, Texas Constitution. If this  
8-61 Act does not receive the vote necessary for immediate effect, this  
8-62 Act takes effect September 1, 2023.

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