

AN ACT

relating to the development of and contracting for reclaimed water facilities in certain municipalities.

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

SECTION 1. Subchapter B, Chapter 552, Local Government Code, is amended by adding Section 552.024 to read as follows:

Sec. 552.024. MUNICIPAL CONTRACT FOR RECLAIMED WATER FACILITY IN CERTAIN MUNICIPALITIES. (a) In this section, "reclaimed water project" means the design, construction, equipment, repair, reconstruction, replacement, expansion, operation, or maintenance of:

(1) a reclaimed water facility with a capacity of not less than 10 million gallons per day to be owned by a municipality; and

(2) related infrastructure.

(b) This section applies only to a home-rule municipality that:

(1) has a population of at least 99,000 and not more than 160,000;

(2) is located in two counties, only one of which has a population of at least 132,000 and not more than 170,000; and

(3) owns and operates a water system, sewer system, or combined system.

(c) A municipality to which this section applies may

1 execute, perform, and make payments under a contract with any  
2 person for the development of a reclaimed water project and the  
3 provision of water from that project.

4 (d) A contract entered into under this section is an  
5 obligation of the municipality that:

6 (1) may provide that:

7 (A) the contract is payable from a pledge of the  
8 revenues of the water system, sewer system, or combined system of  
9 the municipality; or

10 (B) the payments from the municipality are an  
11 operating expense of the water system, sewer system, or combined  
12 system of the municipality; and

13 (2) may not be made payable from ad valorem taxes.

14 (e) A contract entered into under this section may:

15 (1) be in the form and on the terms considered  
16 appropriate by the governing body of the municipality;

17 (2) be for the term approved by the governing body of  
18 the municipality and contain an option to renew or extend the term;

19 (3) provide for the design, construction, and  
20 financing of the reclaimed water project by the person with whom the  
21 municipality contracts for the development of the reclaimed water  
22 project; and

23 (4) provide for the provision of reclaimed water for  
24 industrial purposes at specified rates for the term approved by the  
25 governing body of the municipality as part of the consideration for  
26 the acquisition of the reclaimed water project by the municipality.

27 (f) If a contract entered into under this section provides

1 for the design, construction, and financing of the reclaimed water  
2 project by the person with whom the municipality contracts:

3 (1) a contract procurement or delivery requirement  
4 applicable to the municipality does not apply to the reclaimed  
5 water project; and

6 (2) Chapter 2254, Government Code, does not apply to  
7 the reclaimed water project.

8 (g) Subchapter I, Chapter 271, applies to a written contract  
9 entered into under this section as if the contract were a contract  
10 described by Section 271.151(2).

11 (h) To the extent of a conflict with another statute or  
12 municipal charter provision or ordinance, this section controls.

13 (i) The validity or enforceability of a contract entered  
14 into under this section by a municipality is not affected if, after  
15 the contract is entered into, the municipality no longer meets the  
16 requirements described by Subsection (b).

17 SECTION 2. This Act applies to a contract entered into  
18 before the effective date of this Act that is made contingent on  
19 this Act taking effect.

20 SECTION 3. This Act takes effect immediately if it receives  
21 a vote of two-thirds of all the members elected to each house, as  
22 provided by Section 39, Article III, Texas Constitution. If this  
23 Act does not receive the vote necessary for immediate effect, this  
24 Act takes effect September 1, 2017.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 101 was passed by the House on March 22, 2017, by the following vote: Yeas 145, Nays 0, 1 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 101 was passed by the Senate on May 11, 2017, by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor