

AN ACT

relating to the administration of certain water districts.

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

SECTION 1. Section 49.181, Water Code, is amended by amending Subsection (f) and adding Subsections (i), (j), (k), and (l) to read as follows:

(f) The commission shall determine whether the project to be financed by the bonds is feasible and issue an order either approving or disapproving, as appropriate, the issuance of the bonds. If the commission determines that an application for the approval of bonds complies with the requirements for financial feasibility and the district submitting the application is not required to comply with rules regarding project completion, the commission may not disapprove the issuance of bonds for all or a portion of a project or require that the funding for all or a portion of a project be escrowed solely on the basis that the construction of the project is not complete at the time of the commission's determination. The commission shall retain a copy of the order and send a copy of the order to the district.

(i) An application for the approval of bonds under this section may include financing for payment of creation and organization expenses. Expenses are creation and organization expenses if the expenses were incurred through the date of the canvassing of the confirmation election. A commission rule

1 regarding continuous construction periods or the length of time for
2 the payment of expenses during construction periods does not apply
3 to expenses described by this section.

4 (j) The commission shall approve an application to issue
5 bonds to finance the costs of spreading and compacting fill to
6 remove property from the 100-year floodplain made by a levee
7 improvement district if the application otherwise meets all
8 applicable requirements for bond applications.

9 (k) The commission shall approve an application to issue
10 bonds to finance the costs of spreading and compacting fill to
11 provide drainage that is made by a municipal utility district or a
12 district with the powers of a municipal utility district if the
13 costs are less than the cost of constructing or improving drainage
14 facilities.

15 (l) If a district is approved for the issuance of bonds by
16 the commission to use a certain return flow of wastewater, the
17 approval applies to subsequent bond authorizations unless the
18 district seeks approval to use a different return flow of
19 wastewater.

20 SECTION 2. Section 49.273(i), Water Code, is amended to
21 read as follows:

22 (i) If changes in plans, [~~or~~] specifications, or scope of
23 work are necessary or beneficial to the district, as determined by
24 the board, after the performance of the contract is begun, or if it
25 is necessary or beneficial to the district, as determined by the
26 board, to decrease or increase the quantity of the work to be
27 performed or of the materials, equipment, or supplies to be

1 furnished, the board may approve change orders making the changes.
2 The board may grant authority to an official or employee
3 responsible for purchasing or for administering a contract to
4 approve a change order that involves an increase or decrease of
5 \$50,000 or less. The aggregate of the change orders that ~~[may not]~~
6 increase the original contract price by more than 25 percent~~[~~
7 ~~Additional change orders]~~ may be issued only as a result of
8 unanticipated conditions encountered during construction, repair,
9 or renovation or changes in regulatory criteria or to facilitate
10 project coordination with other political entities. A change order
11 is not subject to the requirements of Subsection (d) or (e).

12 SECTION 3. Section 49.302(b), Water Code, is amended to
13 read as follows:

14 (b) A petition requesting the annexation of a defined area
15 signed by a majority in value of the owners of land in the defined
16 area, as shown by the tax rolls of the central appraisal district of
17 the county or counties in which such area is located, ~~[or signed by~~
18 ~~50 landowners if the number of landowners is more than 50,~~] shall
19 describe the land by metes and bounds or by lot and block number if
20 there is a recorded plat of the area and shall be filed with the
21 secretary of the board.

22 SECTION 4. Section 54.014, Water Code, is amended to read as
23 follows:

24 Sec. 54.014. PETITION. When it is proposed to create a
25 district, a petition requesting creation shall be filed with the
26 commission. The petition shall be signed by a majority in value of
27 the holders of title of the land within the proposed district, as

1 indicated by the tax rolls of the central appraisal district. [~~if~~
2 ~~there are more than 50 persons holding title to the land in the~~
3 ~~proposed district, as indicated by the tax rolls of the central~~
4 ~~appraisal district, the petition is sufficient if it is signed by 50~~
5 ~~holders of title to the land.]~~

6 SECTION 5. Sections 54.016(a), (b), and (f), Water Code,
7 are amended to read as follows:

8 (a) No land within the corporate limits of a city or within
9 the extraterritorial jurisdiction of a city, shall be included in a
10 district unless the city grants its written consent, by resolution
11 or ordinance, to the inclusion of the land within the district in
12 accordance with Section 42.042, Local Government Code, and this
13 section. The request to a city for its written consent to the
14 creation of a district, shall be signed by a majority in value of
15 the holders of title of the land within the proposed district as
16 indicated by the county tax rolls [~~or, if there are more than 50~~
17 ~~persons holding title to the land in the proposed district as~~
18 ~~indicated by the county tax rolls, the request to the city will be~~
19 ~~sufficient if it is signed by 50 holders of title to the land in the~~
20 ~~district~~]. A petition for the written consent of a city to the
21 inclusion of land within a district shall describe the boundaries
22 of the land to be included in the district by metes and bounds or by
23 lot and block number, if there is a recorded map or plat and survey
24 of the area, and state the general nature of the work proposed to be
25 done, the necessity for the work, and the cost of the project as
26 then estimated by those filing the petition. If, at the time a
27 petition is filed with a city for creation of a district, the

1 district proposes to connect to a city's water or sewer system or
2 proposes to contract with a regional water and wastewater provider
3 which has been designated as such by the commission as of the date
4 such petition is filed, to which the city has made a capital
5 contribution for the water and wastewater facilities serving the
6 area, the proposed district shall be designated as a "city service
7 district." If such proposed district does not meet the criteria for
8 a city service district at the time the petition seeking creation is
9 filed, such district shall be designated as a "noncity service
10 district." The city's consent shall not place any restrictions or
11 conditions on the creation of a noncity service district as defined
12 by this chapter [~~Chapter 54 of the Texas Water Code~~] other than
13 those expressly provided in Subsection (e) of this section and
14 shall specifically not limit the amounts of the district's bonds. A
15 city may not require annexation as a consent to creation of any
16 district. A city shall not refuse to approve a district bond issue
17 for any reason except that the district is not in compliance with
18 valid consent requirements applicable to the district. If a city
19 grants its written consent without the concurrence of the applicant
20 to the creation of a noncity service district containing conditions
21 or restrictions that the petitioning land owner or owners
22 reasonably believe exceed the city's powers, such land owner or
23 owners may petition the commission to create the district and to
24 modify the conditions and restrictions of the city's consent. The
25 commission may declare any provision of the consent to be null and
26 void. The commission may approve the creation of a district that
27 includes any portion of the land covered by the city's consent to

1 creation of the district. The legislature may create and may
2 validate the creation of a district that includes any portion of the
3 land covered by the city's consent to the creation of the district.

4 (b) If the governing body of a city fails or refuses to grant
5 permission for the inclusion of land within its extraterritorial
6 jurisdiction in a district, including a district created by a
7 special act of the legislature, within 90 days after receipt of a
8 written request, a majority of the electors in the area proposed to
9 be included in the district or the owner or owners of 50 percent or
10 more of the land to be included may petition the governing body of
11 the city and request the city to make available to the land the
12 water or sanitary sewer service contemplated to be provided by the
13 district.

14 (f) A city may provide in its written consent for the
15 inclusion of land in a district that is initially located wholly or
16 partly outside the corporate limits of the city that a contract
17 ("allocation agreement") between the district and the city be
18 entered into prior to the first issue of bonds, notes, warrants, or
19 other obligations of the district. The allocation agreement shall
20 contain the following provisions:

21 (1) a method by which the district shall continue to
22 exist following the annexation of all territory within the district
23 by the city, if the district is [~~initially~~] located outside the
24 corporate limits of the city at the time the creation of the
25 district is approved by the district's voters;

26 (2) an allocation of the taxes or revenues of the
27 district or the city which will assure that, following the date of

1 the inclusion of all the district's territory within the corporate
2 limits of the city, the total annual ad valorem taxes collected by
3 the city and the district from taxable property within the district
4 does not exceed an amount greater than the city's ad valorem tax
5 upon such property;

6 (3) an allocation of governmental services to be
7 provided by the city or the district following the date of the
8 inclusion of all of the district's territory within the corporate
9 limits of the city; and

10 (4) such other terms and conditions as may be deemed
11 appropriate by the city.

12 SECTION 6. The change in law made to Section [54.016\(f\)](#),
13 Water Code, as amended by this Act, applies only to an agreement
14 entered into on or after the effective date of this Act. An
15 agreement entered into before the effective date of this Act is
16 governed by the law in effect on the date the agreement was entered
17 into, and the former law is continued in effect for that purpose.

18 SECTION 7. This Act takes effect September 1, 2017.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 2014 passed the Senate on May 11, 2017, by the following vote: Yeas 31, Nays 0; May 26, 2017, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 27, 2017, House granted request of the Senate; May 28, 2017, Senate adopted Conference Committee Report by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 2014 passed the House, with amendments, on May 24, 2017, by the following vote: Yeas 146, Nays 0, two present not voting; May 27, 2017, House granted request of the Senate for appointment of Conference Committee; May 28, 2017, House adopted Conference Committee Report by the following vote: Yeas 144, Nays 2, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor