GOVERNMENT CODE

TITLE 9. PUBLIC SECURITIES

SUBTITLE F. SPECIFIC AUTHORITY FOR STATE OR LOCAL GOVERNMENT TO ISSUE SECURITIES

CHAPTER 1373. OBLIGATIONS FOR WATER PROJECTS

Sec. 1373.001. DEFINITIONS. In this chapter:

(1) "Eligible project" means one or more related water supply projects:

(A) that are identified as recommended water management strategies in the state water plan; and

(B) the cumulative capital costs of which are not less than $750 million.

(2) "Indebtedness" means a bond, note, or other obligation of an issuer issued or incurred pursuant to any statutory authority other than this chapter.

(3) "Issuer" means an agency, authority, board, body politic, department, district, instrumentality, municipal corporation, political subdivision, public corporation, or subdivision of this state.

(4) "Obligation" means a bond, note, or other obligation, whether payable or secured by taxes other than ad valorem taxes, revenues, or a combination thereof.

(5) "Obligation authorization" means the order, ordinance, or resolution of the issuer authorizing the obligation.

(6) "State water plan" means the comprehensive water plan for the state adopted under Section 16.051, Water Code.

Added by Acts 2025, 89th Leg., R.S., Ch. 494 (S.B. 1261), Sec. 1, eff. September 1, 2025.

Sec. 1373.002. APPLICABILITY. This chapter does not apply to financial assistance provided by the Texas Water Development Board.

Added by Acts 2025, 89th Leg., R.S., Ch. 494 (S.B. 1261), Sec. 1, eff. September 1, 2025.

Sec. 1373.003. CONSTRUCTION. This chapter shall be liberally construed to achieve the legislative intent and purposes of this chapter. A power granted by this chapter shall be broadly interpreted to achieve the intent and purposes.

Added by Acts 2025, 89th Leg., R.S., Ch. 494 (S.B. 1261), Sec. 1, eff. September 1, 2025.

Sec. 1373.004. RELATIONSHIP TO OTHER LAW. (a) To the extent of any conflict or inconsistency between this chapter and another law or a municipal charter, this chapter controls.

(b) An issuer may use any provision of another law that does not conflict with this chapter to the extent convenient or necessary as determined by the issuer to carry out any power or authority, express or implied, granted by this chapter, without reference to any other laws or any restrictions or limitations contained in those laws.

(c) Chapter 1207 applies to the refunding of obligations issued or incurred under this chapter.

Added by Acts 2025, 89th Leg., R.S., Ch. 494 (S.B. 1261), Sec. 1, eff. September 1, 2025.

Sec. 1373.005. AUTHORITY TO ISSUE OBLIGATIONS. Notwithstanding any other law, as authorized and approved by the governing body of an issuer, obligations may be issued, sold, incurred, and delivered to:

(1) finance or refinance an eligible project;

(2) refund obligations, other indebtedness, or contractual obligations of the issuer issued or incurred in connection with an eligible project; and

(3) pay the costs of issuance or delivery of the obligations.

Added by Acts 2025, 89th Leg., R.S., Ch. 494 (S.B. 1261), Sec. 1, eff. September 1, 2025.

Sec. 1373.006. SECURITY FOR OBLIGATION. (a) An obligation may be secured by:

(1) the proceeds from the sale of other obligations or indebtedness of the issuer, including proceeds from the sale of

revenue bonds payable from the revenue to be received from an eligible project or a specified user of an eligible project;

(2) subject to Subsection (d), any revenue that the issuer is authorized by the constitution, a statute, or the charter of a home-rule municipality to pledge or pay any kind of general or special indebtedness by or from those revenues;

(3) water supply contracts or water treatment contracts or other similar contracts or the revenue received from those contracts; or

(4) any combination of the sources described by this subsection.

(b) The governing body of an issuer may secure an obligation and pay the cost of a contract or other agreement executed and delivered in connection with the financing of an eligible project with a pledge of the sources permitted by this chapter.

(c) Notwithstanding any other law, if an issuer secures an obligation with contracts or the revenue from those contracts, the term of the contracts may not be less than the final maturity or term of such obligations pursuant to Section 1373.008.

(d) An obligation may not be secured wholly or partly by a pledge of ad valorem taxes.

Added by Acts 2025, 89th Leg., R.S., Ch. 494 (S.B. 1261), Sec. 1, eff. September 1, 2025.

Sec. 1373.007. USE OF PROCEEDS. An issuer may use the proceeds from the issuance or incurrence of an obligation to finance and refinance an eligible project, including costs authorized by Section 1201.042(a).

Added by Acts 2025, 89th Leg., R.S., Ch. 494 (S.B. 1261), Sec. 1, eff. September 1, 2025.

Sec. 1373.008. MATURITY OR TERM OF OBLIGATIONS. (a) The maximum maturity or term of an obligation issued or incurred pursuant to this chapter may not exceed the lesser of:

(1) the reasonably expected weighted average useful life of the eligible project as certified by a licensed professional engineer selected by the issuer; or

(2) 50 years from the date of issuance or incurrence of the obligation.

(b) The determination of reasonably expected weighted average useful life of an eligible project made under Subsection (a) may not be contested for any reason.

Added by Acts 2025, 89th Leg., R.S., Ch. 494 (S.B. 1261), Sec. 1, eff. September 1, 2025.

Sec. 1373.009. OBLIGATION AUTHORIZATION. (a) The governing body of an issuer must adopt or approve an obligation authorization before an obligation may be issued or incurred.

(b) The obligation authorization must establish:

(1) the maximum amount of the obligation to be issued or incurred or, if applicable, the maximum principal amount that may be outstanding at any time;

(2) subject to Section 1373.008, the maximum term for which the obligation issued or incurred under the authorization may be outstanding;

(3) the maximum interest rate the obligation may bear;

(4) subject to Subsection (c)(2), the manner of sale of the obligation, which may be by public or private sale, the price of the obligation, the form of the obligation, and the terms, representations, and covenants of the issuer made in connection with the issuance or incurrence of the obligation, if applicable; and

(5) each source pledged or to be pledged to the payment of the obligation.

(c) The obligation authorization may:

(1) provide for the designation of a paying agent and registrar for the obligation; and

(2) authorize one or more designated officers or employees of the issuer to act on behalf of the issuer from time to time in selling, incurring, and delivering obligations and setting the dates, price, interest rates, interest payment periods, redemption features, and other procedures relating to the issuance, sale, incurrence, and delivery of obligations, as specified in the obligation authorization.

Added by Acts 2025, 89th Leg., R.S., Ch. 494 (S.B. 1261), Sec. 1, eff. September 1, 2025.

Sec. 1373.010. EFFECT OF FINDING OR DETERMINATION UNDER DELEGATION OF AUTHORITY. A finding or determination made by an officer or employee acting under the authority delegated to the officer or employee by an obligation authorization adopted or approved under this chapter has the same force and effect as a finding or determination made by the governing body.

Added by Acts 2025, 89th Leg., R.S., Ch. 494 (S.B. 1261), Sec. 1, eff. September 1, 2025.

Sec. 1373.011. REVIEW AND APPROVAL OF OBLIGATION AND CONTRACT BY ATTORNEY GENERAL. (a) Before an obligation may be issued or incurred, a record of the proceedings of the issuer authorizing the issuance, execution, incurrence, and delivery of the obligation and any contract providing revenue or security pledged to the payment of the obligation must be submitted to the attorney general for review.

(b) If the attorney general finds that the proceedings authorizing an obligation conform to the requirements of the Texas Constitution and this chapter, the attorney general shall approve it and deliver to the comptroller a copy of the attorney general's legal opinion stating that approval and the record of proceedings. After approval, the obligation may be executed and delivered, exchanged, or refinanced from time to time in accordance with those authorizing proceedings.

Added by Acts 2025, 89th Leg., R.S., Ch. 494 (S.B. 1261), Sec. 1, eff. September 1, 2025.

Sec. 1373.012. REGISTRATION. On receipt of the documents required by Section 1373.011(b), the comptroller shall register the record of the proceedings relating to the issuance of an obligation.

Added by Acts 2025, 89th Leg., R.S., Ch. 494 (S.B. 1261), Sec. 1, eff. September 1, 2025.

Sec. 1373.013. VALIDITY AND INCONTESTABILITY. (a) If proceedings to authorize an obligation are approved by the attorney general and registered by the comptroller, each obligation and any contract that provides revenue or security included in or executed and delivered according to the authorizing proceedings and pledged to the payment of the obligation is incontestable in a court or other forum and is valid, binding, and enforceable according to its terms.

(b) Notwithstanding Subsection (a) and except as provided by this subsection, an obligation authorized by this chapter is not valid, binding, or enforceable unless the obligation is approved by the attorney general and registered by the comptroller in accordance with Chapter 1202.

Added by Acts 2025, 89th Leg., R.S., Ch. 494 (S.B. 1261), Sec. 1, eff. September 1, 2025.