

WATER CODE

TITLE 4. GENERAL LAW DISTRICTS

CHAPTER 51A. METROPOLITAN WATER CONTROL AND IMPROVEMENT DISTRICTS
AND SUBDISTRICTS

Sec. 51A.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of a district.

(2) "Commission" means the Texas Commission on Environmental Quality.

(3) "District" means a conservation and reclamation district that:

(A) is created by general or special law pursuant to Section 59, Article XVI, Texas Constitution;

(B) is governed by Chapter 51 to the extent the provisions of that chapter are not inconsistent with the provisions of any special law creating the district; and

(C) contains at least 10,000 acres after all exclusions of land have occurred.

(4) "Refunding bond" means a refunding bond issued by a district.

(5) "Residential neighborhood" means an area that, as it develops, will consist of detached single-family residences on not less than 79 percent of the net residential acreage of the area and will consist of condominiums or multifamily rental units with a density greater than 15 units per net residential acre on not more than 10 percent of the net residential acreage of the area. Notwithstanding the foregoing, "residential neighborhood" means an area that, as it develops, will consist of detached single-family residences on not less than 87-1/2 percent of the net residential acreage of the area if the preliminary engineering report adopted by the board before the authorization of bonds stipulates that approximately 87-1/2 percent of the net residential acreage will consist of single-family residences; provided, however, that on the full utilization of all facilities constructed with the proceeds of the bonds authorized, the definition of "residential neighborhood" stated in the first sentence of this

subdivision applies. A variance of as much as three percent from the percentages set forth above is permissible during development if the percentages are met on completion of development.

(6) "Subdistrict" means a conservation and reclamation district created pursuant to Section 59, Article XVI, Texas Constitution, and this chapter to provide fresh water supply and distribution, sanitary sewage collection and treatment, and storm sewer and drainage facilities and services to residential neighborhoods.

(7) "Subdistrict board" means the board of directors of a subdistrict.

Added by Acts 2015, 84th Leg., R.S., Ch. 1236 (S.B. 1296), Sec. 19.004(a), eff. September 1, 2015.

Sec. 51A.002. REFUNDING BONDS. (a) A district may issue bonds to refund all or part of its outstanding bonds, notes, or other obligations, including matured but unpaid interest. Except as otherwise provided by this section, Section 51.438 applies to refunding bonds issued under this section.

(b) Refunding bonds may be payable from:

(1) the same source as the bonds, notes, or other obligations being refunded;

(2) the source described by Subdivision (1) and additional sources; or

(3) sources other than the source described by Subdivision (1).

(c) A district must publish notice of intent to issue refunding bonds at least once a week for two consecutive weeks in a newspaper of general circulation within the district and at least 15 days before the date of the meeting of the board at which it is proposed to issue the bonds. Before the issuance of the bonds, if a petition signed by not less than 10 percent of the registered voters of the district is filed with the district calling for a referendum on the refunding bond issue, the board shall, at its next meeting, order an election to be held within the district to determine whether the bonds shall be issued. The election shall be held in the manner prescribed by Chapter 1251, Government Code, for the

issuance of municipal bonds.

Added by Acts 2015, 84th Leg., R.S., Ch. 1236 (S.B. 1296), Sec. 19.004(a), eff. September 1, 2015.

Sec. 51A.003. CREATION OF SUBDISTRICTS. (a) The commission may create subdistricts over designated territory within the boundaries of a district as provided by this section.

(b) A petition that contains the substance of the requirements of Sections 51.013 and 51.014 must be filed with the commission.

(c) The commission shall have notice of the hearing on the petition given in the manner required by Section 51.018.

(d) The hearing must be conducted in the manner provided by Section 51.020, and the commission shall grant or refuse the petition in the manner provided by Section 51.021. An appeal from the decision of the commission must be made in the manner provided by Sections 51.022 through 51.025. The commission shall appoint five directors to serve as the subdistrict board, each of whom must meet the qualifications provided by Section 51.072.

(e) Not later than the 60th day after the date on which a petition for the creation of a subdistrict is granted by the commission, the subdistrict board shall adopt an order calling elections within the boundaries of the subdistrict in the manner provided by Subchapter D, Chapter 49, to:

(1) confirm the creation of the subdistrict in the manner provided by Section 49.102;

(2) authorize the issuance of bonds by the subdistrict or by the district on behalf of the subdistrict to be repaid by ad valorem taxes, revenue, or ad valorem taxes and revenue derived by the subdistrict;

(3) authorize a tax within the boundaries of the subdistrict to make payments under a contract with the district to support refunding bonds of the district in accordance with the exclusions procedure provided by Section 51A.005;

(4) authorize a maintenance tax within the boundaries of the subdistrict in the manner provided by Section 49.107; and

(5) elect a permanent board of directors for the

subdistrict in the manner provided by Subchapter D, Chapter 49, and Section 51.075.

(f) A subdistrict:

(1) may sue and be sued in its own name;

(2) until excluded from the boundaries of the district in accordance with Section 51A.005, has concurrent jurisdiction with the district that is in the territory within the boundaries of the subdistrict; and

(3) may exercise the rights and powers of the district within the boundaries of the subdistrict.

(g) The ad valorem plan of taxation applies to each subdistrict, and a hearing for exclusions of land from a subdistrict is not necessary before an election under Subsection (e) is held.

(h) A subdistrict may be dissolved in the same manner as a district.

(i) A subdistrict is governed by Chapter 51 and all other general laws of this state to the extent those laws are not inconsistent with this chapter.

Added by Acts 2015, 84th Leg., R.S., Ch. 1236 (S.B. 1296), Sec. 19.004(a), eff. September 1, 2015.

Sec. 51A.004. SUBDISTRICT BONDS. (a) Before adopting an order calling elections under Section 51A.003(e), the engineer for a subdistrict shall present a report to the subdistrict board that conforms to Section 51.410 with regard to the bonds to be issued by the subdistrict or by the district on behalf of the subdistrict.

(b) After the engineer's report is filed and approved, the subdistrict board shall order an election within the boundaries of the subdistrict to authorize the issuance of bonds by the subdistrict or by the district on behalf of the subdistrict in accordance with this chapter and Sections 49.106 and 51.411.

(c) Bonds authorized at an election within the subdistrict may only be repaid from ad valorem taxes imposed on all taxable property within the boundaries of the subdistrict or income, increment, and revenue derived from the ownership or operation of any part of the assets of the subdistrict or any combination of

those sources. The district is not liable for the repayment of those bonds except as provided by this subsection.

(d) A subdistrict may issue refunding bonds as provided by Section [51A.002](#).

(e) Bonds issued by a subdistrict or by the district on behalf of the subdistrict are investment securities under Chapter [2257](#), Government Code, are public securities under Chapter [1201](#), Government Code, and are subject to the general laws of this state relating to bonds of a water control and improvement district to the extent that those general laws are not inconsistent with this chapter.

Added by Acts 2015, 84th Leg., R.S., Ch. 1236 (S.B. [1296](#)), Sec. 19.004(a), eff. September 1, 2015.

Sec. 51A.005. EXCLUSION OF TERRITORY WITHIN SUBDISTRICT.

(a) A subdistrict board shall call an election within the subdistrict to coincide with the confirmation election under Section [51A.003](#)(e) at which a proposition shall be submitted to the voters to authorize the subdistrict to enter into a contract with the district under which the subdistrict would impose an unlimited ad valorem tax on all taxable property within the subdistrict to repay to the district a portion of the district's total outstanding indebtedness. That portion would be calculated by multiplying the total outstanding indebtedness of the district on the date of the first payment under the proposed contract by a percentage equal to the proportion of the total taxable property within the district borne by the total taxable property within the subdistrict, as of the date of the preceding tax roll.

(b) The ballots in the election under Subsection (a) shall be printed to provide for voting for or against the following proposition: "The execution of a contract and the imposition of taxes to pay for the contract." A copy of the proposed contract shall be available at the office of the district for inspection before the election. The election shall otherwise be conducted in conformity with the provisions of Chapter [51](#) relating to elections to approve a tax-supported contract with the United States.

(c) If the proposition is approved at the election under

Subsection (a), the board of the district shall, on receipt of a petition that conforms substantially to Section 49.305 and describes the territory within the subdistrict, conduct a hearing not later than the 30th day after the date of receipt of the petition on the exclusion of the subdistrict from the boundaries of the district.

(d) If the subdistrict board establishes at the hearing that the subdistrict has been created, has authorized the issuance of bonds by the subdistrict or by the district on behalf of the subdistrict, has authorized the tax-supported contract payment, and has elected a permanent board of directors, the board of the district shall, at the conclusion of the hearing, enter an order approving the contract supported by a tax within the subdistrict and excluding all land within the subdistrict from the boundaries of the district contingent only on the completion of the refunding bond issue.

(e) Refunding bonds may be issued by a district to implement the exclusion of land within a subdistrict under any terms that are considered advisable by the board of the district and are only subject to the interest rate limitations imposed by the constitution and laws of this state. If refunding bonds are not issued by a district on or before the 30th day after the date of the hearing at which the subdistrict establishes all items in Subsection (d), all property within the subdistrict is considered excluded from the boundaries of the district on the expiration of the 30th day after the date of the hearing.

(f) Any subdistrict located within a service area as defined by a United States Environmental Protection Agency grant used by a district to expand its wastewater treatment plant shall obtain wastewater treatment services to the extent of capacity provided with the United States Environmental Protection Agency grant proceeds from the wastewater treatment plant constructed with the prior proceeds of the United States Environmental Protection Agency grant in accordance with the terms of a contract approved by the governing bodies of the subdistrict and the district.

(g) To reduce the cost of services to its residents and taxpayers, the subdistrict shall use the employees, consultants,

staff, and services of the district and reimburse the district for all costs of furnishing those services. The services may be terminated for good cause. The subdistrict and the district shall submit to arbitration any dispute between the subdistrict and the district.

Added by Acts 2015, 84th Leg., R.S., Ch. 1236 (S.B. 1296), Sec. 19.004(a), eff. September 1, 2015.

Sec. 51A.006. WATER AND SEWER RATES. A district shall establish rates for all services to subdistricts after the exclusion of the subdistricts from the boundaries of the district. The rates may not exceed 150 percent of the rates for similar services for residents of the district.

Added by Acts 2015, 84th Leg., R.S., Ch. 1236 (S.B. 1296), Sec. 19.004(a), eff. September 1, 2015.

Sec. 51A.007. ELECTION DATES. An election authorized by this chapter may be held on any day of the year other than a general election date and is not limited to the uniform election dates established by Section 41.001(a), Election Code.

Added by Acts 2015, 84th Leg., R.S., Ch. 1236 (S.B. 1296), Sec. 19.004(a), eff. September 1, 2015.

Sec. 51A.008. PUBLIC PURPOSE. This chapter facilitates and advances the conservation and reclamation of the natural resources of this state by permitting certain water control and improvement districts to extend fresh water supply and distribution facilities, storm water and flood control facilities, and sanitary sewage collection and treatment facilities into areas that have previously not received such facilities. The reclamation of land for development and use as residential neighborhoods will be implemented and the health, welfare, and safety of residents of those neighborhoods will be additionally protected.

Added by Acts 2015, 84th Leg., R.S., Ch. 1236 (S.B. 1296), Sec. 19.004(a), eff. September 1, 2015.

Sec. 51A.009. CONSTRUCTION. The powers granted by this

chapter to districts shall be broadly interpreted and liberally construed to effect the legislative intent and the purposes of this chapter and not as a limitation of powers.

Added by Acts 2015, 84th Leg., R.S., Ch. 1236 (S.B. [1296](#)), Sec. 19.004(a), eff. September 1, 2015.