

WATER CODE

TITLE 4. GENERAL LAW DISTRICTS

CHAPTER 53. FRESH WATER SUPPLY DISTRICTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 53.001. DEFINITIONS. In this chapter:

(1) "District" means a fresh water supply district established under this chapter.

(2) "Board" means the board of supervisors of a district.

(3) "Improvement" means a facility for conserving, transporting, or distributing fresh water.

Acts 1971, 62nd Leg., p. 397, ch. 58, Sec. 1, eff. Aug. 30, 1971.

SUBCHAPTER B. CREATING AND DIVIDING A DISTRICT

Sec. 53.011. CREATING A DISTRICT. A district is created by petition, hearing, and election.

Acts 1971, 62nd Leg., p. 397, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.012. CITIES AND TOWNS. Cities and towns are includable in a district.

Acts 1971, 62nd Leg., p. 397, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.013. PRESENTING PETITION. A person may present a petition requesting creation of a district to the commissioners court of the county which includes the land in the proposed district. If the commissioners court is not in session, the petition may be presented to the county judge.

Acts 1971, 62nd Leg., p. 397, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.014. REQUISITES OF PETITION. To be sufficient, the petition must:

(1) be signed by a majority of the persons who hold title to land in the proposed district that represents a total value of more than 50 percent of the value of all the land in the proposed

district as indicated by the appraisal roll of the appraisal district in which the proposed district is located. If there are more than 50 persons holding title to land in the proposed district, the petition is sufficient if signed by 50 of those persons; and

(2) state:

(A) the boundaries of the proposed district;

(B) the general nature of the projects proposed to be done;

(C) the necessity for the proposed district;

(D) the feasibility of the proposed district; and

(E) the proposed name for the district, which must include the name of the county in which it is situated.

Acts 1971, 62nd Leg., p. 397, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 743 (H.B. 2983), Sec. 1, eff. September 1, 2007.

Sec. 53.015. DEPOSIT. The person who presents the petition shall at the same time pay a deposit of \$100 to the county clerk. The clerk shall pay out the deposit on vouchers approved by the county judge for all expenses necessary for the hearing and the election for the creation of the district. After the election, the clerk shall return any portion of the deposit which is left to the petitioners or their attorney.

Acts 1971, 62nd Leg., p. 397, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.016. TIME AND PLACE OF HEARING. The commissioners court or county judge shall immediately set a time and place for a hearing on the petition by the commissioners court. The hearing must be held during the period beginning on the 15th day and ending with the 30th day after the day the petition is presented.

Acts 1971, 62nd Leg., p. 398, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.017. NOTICE. (a) The county clerk shall issue notice of the time and place of the hearing, and in the notice he shall include a statement that any person is entitled to appear at

the hearing, challenge the form and allegations of the petition, and contest the proposition that the projects to be undertaken by the proposed district would benefit the land inside its boundaries.

(b) The county clerk may deliver the notice to any adult who is willing to execute it as directed by Section 53.018 of this code. Acts 1971, 62nd Leg., p. 398, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.018. POSTING NOTICE. (a) The person receiving the notice shall post a copy of it at the courthouse door and a copy at each of four different places inside the proposed district. He shall post the notice for at least the 10 days that immediately precede the day set for the hearing.

(b) The person posting the notice shall swear in writing, before some officer who is authorized by law to administer oaths, that he posted the notice according to the provisions of Subsection (a) of this section. The sworn written statement is conclusive of the facts sworn to.

Acts 1971, 62nd Leg., p. 398, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.019. HEARING POWERS. (a) The commissioners court shall have jurisdiction to determine all issues pertaining to the sufficiency of the petition and shall allow any interested person to appear before it in person or by attorney to offer testimony relative to the sufficiency of the petition.

(b) The commissioners court may adjourn the hearing from day to day as is necessary to complete the hearing.

(c) The commissioners court may make all orders necessary to determine the matters before it.

Acts 1971, 62nd Leg., p. 398, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.020. TEMPORARY SUPERVISORS; QUALIFICATIONS. (a) If the commissioners court grants a petition presented under Section 53.013, the court shall appoint five temporary supervisors to serve on the board of the district until permanent supervisors are elected.

(b) A temporary supervisor appointed under Subsection (a) shall execute a bond as required under Section 49.055 and take the

oath of office.

(c) After the commissioners court appoints five temporary supervisors under Subsection (a), the temporary supervisors shall meet and organize.

Added by Acts 1997, 75th Leg., ch. 1070, Sec. 26, eff. Sept. 1, 1997.

Sec. 53.021. OFFICERS TO BE ELECTED. In the election, five supervisors are elected.

Acts 1971, 62nd Leg., p. 399, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Amended by Acts 2001, 77th Leg., ch. 1423, Sec. 28, eff. June 17, 2001.

Sec. 53.029. DIVISION OF OR ASSUMPTION OF AUTHORITY BY CERTAIN DISTRICTS. (a) This section applies to a district located in a county that:

(1) has a population of 1.3 million or more and in which a municipality with a population of more than one million is primarily located; or

(2) is adjacent to a county having the characteristics described by Subdivision (1).

(b) A district covered by this section may be divided into two new districts if it has no outstanding bonded debt and is not levying ad valorem taxes. The division procedure is prescribed by Sections 53.030 to 53.041 of this code.

(c) The board of a district covered by this section may order an election to be held in the district to determine whether the district should assume the rights, authority, privileges, and functions of a road district under Article III, Section 52(b)(3), of the Texas Constitution. The election shall be ordered, conducted, and the results canvassed in the manner provided by the applicable provisions of this chapter and the Election Code. The ballots for the election shall be printed to provide for voting for or against: The assumption by the _____ Fresh Water Supply District of the rights, authority, privileges, and functions of a road district under Article III, Section 52(b)(3), of the Texas Constitution. If a majority of the persons voting in the election

vote in favor of the proposition, the district shall assume the rights, authority, privileges, and functions of a road district operating under Article III, Section 52(b)(3), of the Texas Constitution, Chapter 257, Transportation Code, and other general laws of this state relating to road districts.

(d) A district operating as a road district may not issue bonds or otherwise lend its credit for road district purposes except on approval of not less than two-thirds of the qualified voters of the district voting at an election called and held for that purpose. The total amount of bonds, notes, and other obligations of the district issued or incurred under this subsection may not exceed one-fourth of the assessed valuation of real property in the district.

(e) A district that has adopted the rights, authority, privileges, and functions of a road district in the manner provided by Subsection (c) may, following approval of a construction contract by the district's governing body, reimburse expenditures as provided by Sections 257.003(a) and (b), Transportation Code, without any additional approval under Section 257.003, Transportation Code.

Acts 1971, 62nd Leg., p. 400, ch. 58, Sec. 1, eff. Aug. 30, 1971. Amended by Acts 1981, 67th Leg., p. 598, ch. 237, Sec. 139, eff. Sept. 1, 1981; Acts 1987, 70th Leg., ch. 122, Sec. 1, eff. May 19, 1987; Acts 1991, 72nd Leg., ch. 597, Sec. 110, eff. Sept. 1, 1991; Acts 1997, 75th Leg., ch. 165, Sec. 30.277, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 669, Sec. 146, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 248, Sec. 26, eff. June 18, 2003.

Sec. 53.030. ORDERING ELECTION. The board may order a special election on its own motion or on presentation of a petition signed by 20 or more qualified property taxpaying electors of the district.

Acts 1971, 62nd Leg., p. 400, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.031. ORDER: METES AND BOUNDS. The petition for election and the order and notices of election must set forth the metes and bounds of the two proposed new districts.

Acts 1971, 62nd Leg., p. 400, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.032. ORDER: TIME OF ELECTION. In the order the board shall set the time for the election, which must be held before the expiration of the 30th day after the day the order is made.

Acts 1971, 62nd Leg., p. 400, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.033. ORDER: ELECTION OF SUPERVISORS. The board shall include in the order a statement that if the election results in division of the district, the two new districts will each be governed by a board of five supervisors elected in the same election.

Acts 1971, 62nd Leg., p. 401, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.034. ORDER: DIVISION OF PROPERTY AND MONEY. In the election order the board shall state in a general way how the properties and any money on hand will be divided between the two new districts if the election is in favor of dividing into two districts. The basis set by the board is controlling.

Acts 1971, 62nd Leg., p. 401, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.040. ELECTED SUPERVISORS TAKE OFFICE. If the election results in a division of the district, the five candidates receiving the most votes in each new district shall be declared elected. They shall immediately qualify in accordance with Section [49.055](#).

Acts 1971, 62nd Leg., p. 402, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Amended by Acts 1995, 74th Leg., ch. 715, Sec. 11, eff. Sept. 1, 1995.

Sec. 53.041. COMPLETING MEMBERSHIP OF THE BOARD. If no supervisors are elected, or if a full board is not elected, the commissioners court shall appoint the needed members of the board.

Acts 1971, 62nd Leg., p. 402, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.042. NEWLY ELECTED SUPERVISORS--TERM OF OFFICE. The newly elected supervisors hold office until the new district's

next supervisors election.

Acts 1971, 62nd Leg., p. 402, ch. 58, Sec. 1, eff. Aug. 30, 1971.
Amended by Acts 1995, 74th Leg., ch. 715, Sec. 12, eff. Sept. 1, 1995.

Sec. 53.043. POWERS OF NEW DISTRICT. A district created by the division of an existing district into two districts has all the powers and duties given by this chapter to any other district.
Acts 1971, 62nd Leg., p. 402, ch. 58, Sec. 1, eff. Aug. 30, 1971.

SUBCHAPTER C. ADMINISTRATIVE PROVISIONS

Sec. 53.061. CREATION OF DISTRICT. A commissioners court may create one or more fresh water supply districts in its county by following the procedure prescribed in Sections 53.011-53.029 of this code.
Acts 1971, 62nd Leg., p. 402, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.062. BOARD OF SUPERVISORS. A district created under this chapter is governed by a board of five elected supervisors.
Acts 1971, 62nd Leg., p. 402, ch. 58, Sec. 1, eff. Aug. 30, 1971.
Amended by Acts 1981, 67th Leg., p. 2665, ch. 720, Sec. 2, eff. Aug. 31, 1981; Acts 1995, 74th Leg., ch. 715, Sec. 13, eff. Sept. 1, 1995.

Sec. 53.063. SUPERVISOR'S QUALIFICATIONS.

(a) Except as provided by Subsection (b), to be qualified for election as a supervisor:

(1) a person must be:

(A) a resident of this state;

(B) the owner of taxable property in the district; and

(C) at least 18 years of age; or

(2) a person must be a registered voter of the district.

(b) To be qualified for election as a supervisor of a

district located wholly or partly in Denton County, a person must be a registered voter of the district.

Acts 1971, 62nd Leg., p. 402, ch. 58, Sec. 1, eff. Aug. 30, 1971.
Amended by Acts 1999, 76th Leg., ch. 1354, Sec. 13, eff. Sept. 1, 1999.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 912 (H.B. 2984), Sec. 1, eff. September 1, 2007.

Acts 2011, 82nd Leg., R.S., Ch. 393 (S.B. 512), Sec. 1, eff. September 1, 2011.

Sec. 53.072. ASSESSOR AND COLLECTOR'S QUALIFICATIONS. To be qualified for election as assessor and collector, a person must be a resident of the district and a qualified voter in the district. Acts 1971, 62nd Leg., p. 404, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.073. ASSESSOR AND COLLECTOR'S TERM OF OFFICE. The first elected assessor and collector holds office until the next general election of officers following his election. The succeeding assessor and collectors hold office for terms of two years. The board shall fill any vacancy in the office of assessor and collector by appointment for the unexpired term. Acts 1971, 62nd Leg., p. 404, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.075. ASSESSOR AND COLLECTOR'S SALARY. The board shall fix the salary of the assessor and collector at not more than \$10,000 a year. Acts 1971, 62nd Leg., p. 404, ch. 58, Sec. 1, eff. Aug. 30, 1971. Amended by Acts 1985, 69th Leg., ch. 461, Sec. 1, eff. Aug. 26, 1985.

Sec. 53.088. STATUS OF THE DISTRICT. A district is:

- (1) a governmental agency;
- (2) a body politic and corporate; and
- (3) a defined district within the meaning of Article XVI, Section 59, of the Texas Constitution.

Acts 1971, 62nd Leg., p. 406, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Amended by Acts 1995, 74th Leg., ch. 715, Sec. 14, eff. Sept. 1, 1995.

SUBCHAPTER D. POWERS AND DUTIES

Sec. 53.101. PURPOSE OF DISTRICT. Fresh water supply districts may be created to conserve, transport, and distribute fresh water from any sources for domestic and commercial purposes. Acts 1971, 62nd Leg., p. 407, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.102. CONSTITUTIONAL BASIS. The constitutional basis for this chapter is Article XVI, Section 59, of the Texas Constitution. Acts 1971, 62nd Leg., p. 407, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.103. GOVERNMENTAL POWERS OF DISTRICT. A district has the powers of government and authority to exercise the rights, privileges, and functions given to it by this chapter or by any other state law. Acts 1971, 62nd Leg., p. 407, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.104. AUTHORITY TO ACQUIRE WATER RIGHTS. A district may acquire water rights and privileges in any way that an individual or corporation may acquire them. A district may hold water rights and privileges, either by gift, purchase, devise, appropriation, or by other means. Acts 1971, 62nd Leg., p. 407, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.105. CONTRACTS WITH OTHER DISTRICTS OR WATER SUPPLY CORPORATIONS. (a) In this section, "authorized water district" means a district created under Section 52(b)(1) or (2), Article III, or Section 59, Article XVI, Texas Constitution.

(b) A district may enter into a contract with an authorized water district or a water supply corporation that authorizes the district to acquire, through the issuance of debt or other means, and convey to the authorized water district or water supply corporation all or part of a water supply, treatment, or

distribution system, a sanitary sewage collection or treatment system, or works or improvements necessary for drainage of land in the district. The contract may:

(1) permit the district to rehabilitate, repair, maintain, improve, enlarge, or extend any existing facilities to be conveyed to the authorized water district or water supply corporation; or

(2) require the district to pay impact fees or other fees to the authorized water district or water supply corporation for capacity or service in facilities of the authorized water district or water supply corporation.

(c) The contract entered into under Subsection (b) may authorize the authorized water district or water supply corporation to purchase the water, sewer, or drainage system from the district through periodic payments to the district in amounts that, combined with the net income of the district, are sufficient for the district to pay the principal of and interest on any bonds of the district. The contract may provide that the payments due under this subsection:

(1) are payable from and secured by a pledge of all or part of the revenue of the water, sewer, or drainage system;

(2) are payable from taxes to be imposed by the authorized water district; or

(3) are payable from a combination of the revenue and taxes described by Subdivisions (1) and (2).

(d) The contract may authorize the authorized water district or water supply corporation to operate the water, sewer, or drainage system conveyed by the district under Subsection (b).

(e) The contract may require the district to make available to the authorized water district or water supply corporation all or part of the raw or treated water to be used for the provision of services in the district.

(f) If the contract provides for the water, sewer, or drainage system to be conveyed to the authorized water district or water supply corporation on or after the completion of construction, the authorized water district or water supply corporation may pay the district to provide water, sewer, or

drainage services to residents of the authorized water district or customers of the water supply corporation.

(g) The contract may authorize the district to convey to the authorized water district or water supply corporation at no cost a water, sewer, or drainage system and require the authorized water district or water supply corporation to use all or part of those systems to provide retail service to customers in the district in accordance with the laws of this state and any certificate of convenience and necessity of the authorized water district or water supply corporation.

(h) A contract under this section must be approved by a majority vote of the governing bodies of the district and the authorized water district or water supply corporation. If Section 52, Article III, or Section 59, Article XVI, Texas Constitution, requires that qualified voters of the district approve the imposition of a tax by the district or the authorized water district, the district or the authorized water district shall call an election for that purpose.

Added by Acts 2007, 80th Leg., R.S., Ch. 635 (H.B. 713), Sec. 1, eff. September 1, 2007.

Sec. 53.107. DISTRIBUTION OF WATER AND USE OF REVENUES OBTAINED FROM DISTRIBUTION OF WATER. (a) The board shall:

(1) prescribe the terms on which water will be furnished;

(2) fix the rate to be paid by users of water from the district; and

(3) make rules and regulations governing the distribution and use of water.

(b) The board shall apply any revenue obtained from the sale of water to operation and maintenance expenses. Any revenue left after paying these expenses shall be used to pay interest on bonds and other indebtedness incurred by the district with the remainder to be placed in the sinking fund.

Acts 1971, 62nd Leg., p. 408, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.112. USE OF ROADWAYS. In order to secure fresh

water, a district may construct necessary levees, bridges, and other improvements across or under:

- (1) railroad embankments, tracks, or rights-of-way;
- (2) public or private roads and their rights-of-way;
- (3) rivers;
- (4) improvements of other districts and their rights-of-way; and
- (5) other improvements and their rights-of-way.

Acts 1971, 62nd Leg., p. 409, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.113. CONSTRUCTING IMPROVEMENTS ON RAILROAD WAYS.

(a) Before the district may construct an improvement across or under any railroad property, the district must notify the railroad authorities of the district's intention to construct the improvement if the railroad does not do so.

(b) The railroad has 30 days from the day it receives the notice in which to decide whether or not to build the improvement itself, at its own expense and according to its own plans.

(c) If the railroad builds the improvement, it must do so in a manner which is satisfactory to the district.

Acts 1971, 62nd Leg., p. 409, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.115. DUTIES OF ENGINEER. (a) The engineer shall make maps and profiles of the district improvements, including any part of the improvements which extends beyond the boundaries of the district.

(b) The engineer may adopt other correct maps, plats, and surveys.

(c) The engineer shall perform other duties required of him by the board.

Acts 1971, 62nd Leg., p. 409, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.121. CONSTRUCTING SANITARY SEWER SYSTEMS. (a) A district may purchase, construct, acquire, own, operate, repair, improve, and extend sanitary sewer systems to control wastes, if no other public sanitary sewer system is available for the area inside the fresh water supply district.

(b) Before a district may exercise the power given by this section, it must hold an election in the same manner as provided in this chapter for other elections of the district.
Acts 1971, 62nd Leg., p. 411, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.122. REGULATING SANITARY CONDITIONS INSIDE THE DISTRICT. (a) A district may regulate the installation, maintenance, and operation of plumbing fixtures and facilities inside the district for the purpose of:

- (1) maintaining safe and sanitary conditions; and
- (2) protecting the lives, health, and welfare of the people in the district.

(b) The board may set a reasonable penalty for violating any rule authorized by Subsection (a) of this section, within these limits:

- (1) a fine of not more than \$200;
- (2) confinement in the county jail for not more than 30 days; or
- (3) both the fine and the jail sentence.

(c) The penalty set by the supervisors is in addition to other penalties provided by law. A court of proper jurisdiction in the county where the district's principal office is located may enforce the penalties.

(d) A penalty for the violation of a rule is not valid unless a brief, substantial statement of the rule and the penalty is published once a week for two consecutive weeks in a newspaper of general circulation in the area in which the district is located. A penalty takes effect seven days after the second publication.

(e) The courts shall take judicial notice of the rules made by a district under this section.

Acts 1971, 62nd Leg., p. 411, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.126. EFFECT OF ENUMERATION OF POWERS. No statement of specific powers in this chapter is a limitation on the general powers given by this chapter, unless it is specifically so stated.

Acts 1971, 62nd Leg., p. 412, ch. 58, Sec. 1, eff. Aug. 30, 1971.

SUBCHAPTER E. GENERAL FISCAL PROVISIONS

Sec. 53.145. PAYMENT OF ELECTION EXPENSES. The board shall pay all expenses of calling and holding each election, except the creation election, from any district funds except the interest and sinking fund.

Acts 1971, 62nd Leg., p. 413, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.146. MAINTENANCE FUND. (a) A district shall have a maintenance and operating fund. The fund consists of all money collected by assessment or otherwise for maintaining and operating the property of the district.

(b) The board shall use the money in this fund to pay:

(1) all salaries of officers and employees, other than that of the assessor and collector; and

(2) operating expenses.

Acts 1971, 62nd Leg., p. 413, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.150. PAYMENT OF DAMAGES. The district shall pay out of any funds or property of the district, except the interest and sinking fund:

(1) compensation and damages adjudicated in condemnation proceedings; and

(2) compensation for damage done to the property of any person or corporation in the construction and maintenance of improvements.

Acts 1971, 62nd Leg., p. 413, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.151. COST OF SANITARY SEWER SYSTEMS. (a) The board may pay the cost of acquiring and repairing sanitary sewer systems from:

(1) the proceeds of sale of bonds or other obligations issued by the district;

(2) revenue obtained from maintenance taxes; or

(3) revenue from the operation of the district's improvements.

(b) The board may pay the cost of maintaining and operating

sanitary sewer systems with funds obtained from maintenance taxes or from operating revenues. The board may not pay these costs with borrowed money.

Acts 1971, 62nd Leg., p. 414, ch. 58, Sec. 1, eff. Aug. 30, 1971.

SUBCHAPTER F. BOND AND TAX PROVISIONS

Sec. 53.171. POWER TO ISSUE BONDS. (a) A district may issue bonds to secure indebtedness for any purpose authorized by this chapter, Chapter 49, or other applicable laws.

(b) A district may not issue tax bonds or incur any debt which is to be paid with tax revenue unless an election is first held in the district and the proposition is approved by a majority of the electors of the district who vote in the election.

Acts 1971, 62nd Leg., p. 414, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 635 (H.B. 713), Sec. 2, eff. September 1, 2007.

Sec. 53.172. ORDERING BOND ELECTION. After the creation of a district and the qualification of the supervisors, the board may order an election in the district to authorize a bond issue. At this election, the board shall submit only a proposition authorizing the issuance of bonds and the levy of a tax to pay the bonds. The ballots shall be printed to allow for voting for or against the proposition: "The issuance of bonds and the levy of taxes to pay the bonds."

Acts 1971, 62nd Leg., p. 414, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Amended by Acts 1995, 74th Leg., ch. 715, Sec. 15, eff. Sept. 1, 1995.

Sec. 53.176. ISSUING BONDS. (a) After declaring the result of the election, the board shall make and enter an order in the minutes directing the issuing of bonds sufficient to pay for the proposed improvements. The board may not issue bonds in an amount greater than that specified in the order and notice of election.

(b) Subchapter L, of Chapter 55 of this code, providing for

the issuing, denominations, rate of interest, manner and conditions of payment, and maturity dates of water improvement district bonds, apply to bonds of a fresh water supply district.

Acts 1971, 62nd Leg., p. 415, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.177. APPROVING BONDS. (a) Before the board offers bonds for sale, it shall send to the attorney general a certified copy of all proceedings relating to organizing the district and issuing the bonds. They shall also provide other relevant information he requires.

(b) The attorney general shall carefully examine the bonds in connection with the record and the constitution and laws of this state governing the issuance of bonds. The attorney general shall certify the bonds if he finds that they conform to the record and the constitution and laws of this state and that they are valid and binding obligations of the district.

Acts 1971, 62nd Leg., p. 415, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.178. REGISTERING BONDS. When the attorney general approves the bonds, the comptroller shall register them in a book kept for that purpose. The comptroller shall record the certificate of the attorney general as to the bonds' validity. The bonds are then prima facie valid in any action, suit, or proceeding. In a suit to enforce collection of the bonds and interest on the bonds, the only defense against the validity of the bonds is forgery or fraud.

Acts 1971, 62nd Leg., p. 415, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.179. SELLING BONDS. After the bonds are registered, the board shall sell them on the best terms and for the best price possible. The board shall promptly pay to the district depository the money received from the sale of the bonds. The district depository shall hold the money for the district.

Acts 1971, 62nd Leg., p. 415, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.180. RECORDING OF BOND ISSUES. (a) After the bonds are issued, the board shall deliver a well-bound book to the county

treasurer, who shall keep in the book a list of:

- (1) all bonds which have been issued;
- (2) their manner of payment;
- (3) the amount of each bond;
- (4) the rate of interest on each bond;
- (5) the date of issuing each bond;
- (6) the date when each bond is due;
- (7) the place where each bond is payable;
- (8) the amount received for each bond; and
- (9) the tax levy to pay interest on and redeem the

bonds.

(b) The county treasurer shall keep the books open at all times for inspection by any taxpayer or bondholder. When a person pays for a bond, the treasurer shall enter the payment in the book. The treasurer is entitled to receive for his services the same fee allowed by law to the county clerk for recording deeds.

Acts 1971, 62nd Leg., p. 416, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.181. PAYING BONDS AND INTEREST. At the time for paying interest or for redeeming the bonds, the district depository shall receive and cancel any interest coupons paid or any bonds redeemed. When the board receives an interest coupon or a bond, it shall credit the account of the depository with the amount received. The board shall then cancel and destroy the bond or coupon.

Acts 1971, 62nd Leg., p. 416, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.182. BONDS PAYABLE FROM REVENUES AND AD VALOREM TAXES. (a) For the purpose of constructing, purchasing, repairing, improving, and extending authorized improvements, a district may issue bonds payable solely from the revenues of:

(1) the operation of the district's water system, less the reasonable cost of maintaining and operating the system; or

(2) the operation of the district's sanitary sewer system, less the reasonable cost of maintaining and operating the system; or

(3) both the water system and the sanitary sewer

system.

(b) The district may also issue bonds for the purposes set out in this section, payable both from ad valorem taxes and the revenues of:

- (1) its water system; or
- (2) its sanitary sewer system; or
- (3) both its water system and sanitary sewer system.

(c) If the district issues combination tax and revenue bonds, it shall levy, assess, and collect ad valorem taxes until the net revenues from the operation of the water system or the sanitary sewer system, together with the revenue from taxes, have accumulated a surplus in the sinking fund at least equal to the principal of and interest on the bonds scheduled to accrue in the next year. When this accumulation is completed, the board may reduce the tax levy to a rate that will produce at least 25 percent of the principal and interest requirements for each of the next succeeding years. When actual experience of three successive years demonstrates that the net revenues are adequate to pay the principal of and the interest on the bonds as they mature, the board may discontinue the tax until it becomes necessary to levy the tax again to avoid default in paying the bonds and interest.

Acts 1971, 62nd Leg., p. 416, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.183. ELECTION REQUIRED. (a) A district may not issue bonds as authorized in Section 53.182 of this code unless an election is first held in the district and the proposition is approved by a majority of the electors of the district who vote in the election.

(b) If the election is held to authorize revenue bonds only, the board shall have the ballots printed to allow for voting for or against the proposition: "The issuance of bonds and the pledge of net revenues for the payment of the bonds."

(c) If the election is held to authorize combination tax and revenue bonds, the board shall have the ballots printed to allow for voting for or against the proposition: "The issuance of bonds to be paid for from an adequate pledge of net revenues and levy of ad valorem taxes."

(d) Except as provided in this section, the provisions of Sections 53.172-53.175 of this code, relating to tax bond elections, apply to elections held under this section.
Acts 1971, 62nd Leg., p. 417, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.184. REFUNDING BONDS. (a) With the consent of the holders, a district may refund outstanding bonds by issuing new coupon bonds in their place.

(b) Interest is shown by coupons attached to the bonds. The board may pay the interest on the bonds annually or semiannually.

(c) The board may pay the refunding bonds serially or in any other manner it chooses, but it shall pay the bonds not later than 40 years from the date the bonds are issued.

(d) The board shall issue the bonds in denominations of \$100 or a multiple of \$100. The board shall levy a tax sufficient to meet the payment of principal of and interest on the refunding bonds before the bonds are delivered. The refunding of bonds does not affect any taxes already due.

(e) The board shall issue refunding bonds in the manner provided for other district bonds. The board shall deduct any sum on hand to the credit of any sinking fund account in ascertaining the amount of refunding bonds to be issued, and it shall apply the money to the payment of the outstanding bonds.

(f) The board shall not issue refunding bonds until they are approved by the attorney general and registered by the comptroller. The comptroller shall not register the refunding bonds until the old bonds being replaced are presented to him for cancellation. After the comptroller registers the new bonds, he shall cancel the old bonds and interest coupons and deliver the new bonds to the proper bondholders. The district may present the old bonds for cancellation in installments, and the comptroller may register and deliver a like amount of the new bonds.

Acts 1971, 62nd Leg., p. 417, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.185. RATES AND CHARGES. If the board issues revenue bonds or combination tax and revenue bonds, the board, at the time it authorizes the bonds, shall fix rates and charges for the use of

the facilities or the services rendered in an amount which, together with any tax which is levied, will assure the prompt payment of the principal of and interest on the bonds as they mature.

Acts 1971, 62nd Leg., p. 417, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.186. INTEREST AND SINKING FUND. (a) A district shall have an interest and sinking fund. The board shall credit to this fund all taxes collected for the payment of interest or redemption of district bonds.

(b) The board shall use money in this fund only:

- (1) to pay interest on district bonds;
- (2) to cancel and surrender district bonds; and
- (3) to pay the expenses of assessing and collecting the taxes.

Acts 1971, 62nd Leg., p. 418, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.187. INVESTMENT OF SINKING FUND. The board may invest the district's sinking funds in county, municipal, district, or other bonds in which other sinking funds may by law be invested. The board may also invest the sinking funds in bonds of the series to which the funds apply, if the bonds are offered for redemption before maturity on terms the board deems advantageous to the district.

Acts 1971, 62nd Leg., p. 418, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.188. LEVY OF TAXES. After the district has issued bonds, the board shall levy taxes on all property in the district, whether real, personal, or mixed. The board shall levy the taxes based on the full value of each piece of property. The board shall levy the taxes in an amount which is enough to pay the interest on the bonds and to create a sinking fund sufficient to redeem and discharge the bonds when they mature. The board shall levy taxes annually for this purpose as long as the bonds are outstanding.

Acts 1971, 62nd Leg., p. 418, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.189. ASSESSOR AND COLLECTOR--OFFICE. The assessor

and collector shall maintain an office.

Acts 1971, 62nd Leg., p. 418, ch. 58, Sec. 1, eff. Aug. 30, 1971.

Sec. 53.190. SUBJECT TO RULES OF BOARD. The assessor and collector is subject to the rules and regulations of the board in the same manner as provided by law for assessors and collectors of water improvement districts.

Acts 1971, 62nd Leg., p. 418, ch. 58, Sec. 1, eff. Aug. 30, 1971.