

WATER CODE

TITLE 4. GENERAL LAW DISTRICTS

CHAPTER 58. IRRIGATION DISTRICTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 58.001. DEFINITIONS. In this chapter:

(1) "District" means an irrigation district.

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

(3) "Director" means a member of the board of directors of a district.

(4) "Commissioners court" means the commissioners court of the county in which a district or part of a district is located.

(5) "Commission" means the Texas Natural Resource Conservation Commission.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1981, 67th Leg., p. 984, ch. 367, Sec. 40, eff. June 10, 1981; Acts 1991, 72nd Leg., 1st C.S., ch. 3, Sec. 1.080, eff. Aug. 12, 1991.

SUBCHAPTER B. CREATION OF DISTRICT; CONVERSION OF DISTRICT

Sec. 58.011. CREATION OF DISTRICT. An irrigation district may be created under and subject to the authority, conditions, and restrictions of either Article III, Section 52, of the Texas Constitution, or Article XVI, Section 59, of the Texas Constitution.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.012. COMPOSITION OF DISTRICT. (a) A district may include all or part of one or more counties, including any town, village, or municipal corporation, and may include any other political subdivision of the state or any defined district, providing the land contained therein is agricultural in character.

(b) The areas composing a district do not have to be contiguous but may consist of separate bodies of land separated by land not included in the district; however, each segregated area, before it may be included in the district, must cast a majority vote in favor of the creation of the district.

(c) No district may include territory located in more than one county except by a majority vote of the electors residing within the territory in each county sought to be included in the district. Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.013. PETITION. (a) A petition requesting creation of a district shall be signed by a majority of the persons who hold title to land in the proposed district which represents a total value of more than 50 percent of the value of all the land in the proposed district as indicated by the county tax rolls. If there are more than 50 persons holding title to land in the proposed district, the petition is sufficient if signed by 50 of them.

(b) The petition may be signed and filed in two or more copies.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.014. CONTENTS OF PETITION. The petition shall include:

(1) the name of the district;

(2) the area and boundaries of the district;

(3) the provision of the Texas Constitution under which the district is to be organized;

(4) the purpose or purposes of the district;

(5) a statement of the general nature of the work to be done and the necessity and feasibility of the project, with reasonable detail and definiteness to assist the court or commission passing on the petition in understanding the purpose, utility, feasibility, and need; and

(6) a statement of the estimated cost of the project based on the information available to the person filing the

petition at the time of filing.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.015. PLACE OF FILING; RECORDING. (a) The petition shall be filed in the office of the county clerk of the county in which the district is located. If land in more than one county is included in the district, copies of the petition certified by the clerk shall be filed in the office of the county clerk of each county in which a portion of the district is located.

(b) The petition shall be recorded in a book kept for that purpose in the office of the county clerk.

(c) If more than one petition is filed and the petitions are identical except for the signature, one copy of the petition shall be recorded and all signatures on the other petitions shall be included.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.016. BOARD OR COMMISSION TO CONSIDER CREATION OF DISTRICT. If the land to be included in a district is within one county, the creation of the district shall be considered and ordered by the commissioners court, but if the land to be included in a district is in two or more counties, the creation of the district shall be considered and ordered by the commission.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.017. SINGLE-COUNTY DISTRICT; HEARING. (a) If a petition is filed for the creation of a district within one county, the county judge shall issue an order setting the date of hearing on the petition by the commissioners court and shall endorse the order on the petition or on a paper attached to the petition.

(b) After the order is issued, the county clerk shall issue notice of the hearing.

(c) The petition may be considered at a regular or special session of the court.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.018. SINGLE-COUNTY DISTRICT; NOTICE OF HEARING.

(a) The notice of hearing on the petition shall include a statement of the nature and purpose of the district and the date, time, and place of hearing.

(b) The notice shall be prepared with one original and three copies. The county clerk shall retain one copy of the notice in his files and deliver the original and two copies to the county sheriff.

(c) The sheriff shall post one copy of the notice at the courthouse door 15 days before the day of the hearing and shall publish one copy in a newspaper of general circulation in the county once a week for two consecutive weeks. The first newspaper publication shall be made at least 20 days before the day of the hearing.

(d) Before the hearing, the sheriff shall make due return of service of the notice with copy and affidavit of publication attached to the original.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.019. SINGLE-COUNTY DISTRICT; NAME. (a) A district located in one county may be named the _____ County Irrigation District Number _____ (insert the name of the county and proper consecutive number).

(b) A district may be known and designated by any term descriptive of the location of the district and descriptive of the principal powers to be exercised by the district; however, the word "district" shall be included in the designation and a consecutive number shall be assigned to it if other districts of the same name have been created in the county.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.020. SINGLE-COUNTY DISTRICT; TESTIMONY AT HEARING.

(a) At the hearing on the petition, any person whose land is

included in or would be affected by the creation of the district may appear and contest the creation of the district and may offer testimony to show that the district:

(1) is or is not necessary;

(2) would or would not be a public utility or benefit to land in the district; and

(3) would or would not be feasible or practicable.

(b) The hearing may be adjourned from day to day.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.021. SINGLE-COUNTY DISTRICT; GRANTING OR REFUSING PETITION. (a) The commissioners court or the commission shall grant the petition requesting the creation of a district if it appears at the hearing that:

(1) organization of the district as requested is feasible and practicable;

(2) the land to be included and the residents of the proposed district will be benefited by the creation of the district;

(3) there is a public necessity or need for the district; and

(4) the creation of the district would further the public welfare.

(b) If the commissioners court or the commission fails to make the findings required by Subsection (a) of this section, it shall refuse to grant the petition.

(c) If the commissioners court or the commission finds that any of the land sought to be included in the proposed district will not be benefited by inclusion in the district, it may exclude that land not to be benefited and shall redefine the boundaries of the proposed district to include only the land that will receive benefits from the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.022. SINGLE-COUNTY DISTRICT; APPEAL FROM ORDER OF

COMMISSIONERS COURT. (a) If the commissioners court grants or refuses to grant the petition, any person who signed the petition or any person who appears and protests the petition and offers testimony against the creation of the district may appeal from the order of the court by giving notice of appeal in open court at the time of the entry of the order, which shall be entered on the court's docket, and by filing with the clerk of the commissioners court within five days a good and sufficient appeal bond in the amount of \$2,500.

(b) The appeal bond shall be approved by the clerk of the commissioners court payable to the county judge conditioned for the prosecution of the appeal with effect and the payment of all costs incurred with the appeal in the event the final decree of the court is against the appellant.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.023. SINGLE-COUNTY DISTRICT: RECORD ON APPEAL; NOTICE OF APPEAL. (a) On completion of an appeal as provided in Section 58.022 of this code, the clerk of the commissioners court shall, within 10 days, prepare a certified transcript of all orders entered by the commissioners court and transmit them with all original documents, processes, and returns on processes to the clerk of the district court to which the appeal is taken.

(b) All persons shall be charged with notice of the appeal without notice or service of notice. No person who fails to appear by petition, in person, or by attorney in the commissioners court may be permitted to intervene in the district court trial.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.024. SINGLE-COUNTY DISTRICT: HEARING IN DISTRICT COURT; PROCEDURE. (a) The district court, either in term time or in vacation time, shall schedule the appeal for hearing with all reasonable dispatch.

(b) In the proceeding in the district court, formal pleadings shall not be required but, with the court's permission,

may be filed.

(c) The trial and decision shall be by the court without the intervention of a jury, and the hearing shall be conducted as though the jurisdiction of the district court were original jurisdiction.

(d) The following matters may be contested in the district court:

(1) all matters that were or might have been presented in the commissioners court;

(2) the validity of the Act under which the district is proposed to be created; and

(3) the regularity of all previous proceedings.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1981, 67th Leg., p. 2646, ch. 707, Sec. 4(47), eff. Aug. 31, 1981.

Sec. 58.025. SINGLE-COUNTY DISTRICT: JUDGMENT OF DISTRICT COURT; APPEAL. (a) In the appeal, the district court shall apply to the determination its full powers to the end that substantial justice may be done.

(b) An appeal from the judgment of the district court may be taken as in other civil causes, but appeals filed under Section 58.022 of this code shall be given precedence on the docket of any higher court over all causes that are not of similar public concern.

(c) The final judgment of the district court, or other court to which an appeal may be prosecuted, shall be certified and transmitted to the clerk of the commissioners court with all original documents and processes which were transmitted from the commissioners court to the district court on appeal.

(d) The commissioners court shall enter its order on the petition to conform to the decree entered by the court of final jurisdiction and shall enter other and further orders as may be required by law to execute the intent of the certified decree.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.026. SINGLE-COUNTY DISTRICT: APPOINTMENT OF DIRECTORS; BOND. (a) If the commissioners court grants a petition

for creation of a district, it shall appoint five directors who shall serve until their successors are elected or appointed in accordance with law.

(b) Each director shall, within 15 days after appointment, file his official bond in the office of the county clerk, and the county clerk shall present the bond to the county judge for approval. The county judge shall pass on the bond and approve it, if it is proper and sufficient, or disapprove it and shall endorse his action on the bond and return it to the county clerk.

(c) If approved, the bond of a director shall be recorded in a record kept for that purpose in the office of the county clerk, but if a bond is not approved, a new bond may be furnished within 10 days after disapproval.

(d) If any director appointed under this section fails to qualify, the commissioners court shall appoint another person to replace him.

(e) Each director appointed under this section shall take the oath of office as provided by Section 58.077 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.027. MULTICOUNTY DISTRICT: CONSIDERATION BY COMMISSION. (a) The commission shall have exclusive jurisdiction and power to consider and determine all petitions for creation of a district that will include land or property located in two or more counties.

(b) The orders of the commission concerning the organization of a district shall be final, unless an appeal is taken from the orders as provided in this subchapter.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1997, 75th Leg., ch. 1070, Sec. 36, eff. Sept. 1, 1997.

Sec. 58.028. MULTICOUNTY DISTRICT: NOTICE AND HEARING ON DISTRICT CREATION. When a petition is filed, the commission shall give notice of an application in the manner provided in Section [49.011](#) and may conduct a hearing on the application if the

commission determines that a hearing is necessary under that section.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1997, 75th Leg., ch. 1070, Sec. 37, eff. Sept. 1, 1997.

Sec. 58.030. MULTICOUNTY DISTRICT: CONSIDERATION BY COMMISSION; PROCEDURE. (a) The commission shall consider and determine on the issues a petition filed under Section 58.028.

(b) The commission shall be governed by the provisions of Section 58.021.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1997, 75th Leg., ch. 1070, Sec. 38, eff. Sept. 1, 1997.

Sec. 58.031. MULTICOUNTY DISTRICT: APPEAL FROM COMMISSION DECISION. (a) When the commission grants or refuses a petition, any person who comes within the requirements specified in Sections 58.020-58.025 of this code may prosecute an appeal from the judgment of the commission under Sections 58.022-58.025 of this code.

(b) The appeal may be taken to any district court in any county in which part of the proposed district is located or to a district court in Travis County.

(c) The time within which an appeal bond may be approved and filed is 15 days after the entry of the final order by the commission.

(d) On the perfection of the appeal, the appellant shall pay the actual cost of the transcript of the record, which will be assessed as part of the costs incurred on the appeal.

(e) Whenever practicable, the original documents and processes with the returns attached shall be sent to the district court.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.032. MULTICOUNTY DISTRICT: APPOINTMENT OF

DIRECTORS BY COMMISSION; BOND. (a) If the commission grants the petition for creation of the district, it shall appoint five directors, who shall serve until their successors are elected or appointed.

(b) A certified copy of the order of the commission granting a petition and naming the directors shall be filed in the office of the county clerk of each county in which a portion of the district is located.

(c) Each director named in the order shall, within 15 days after appointment, file his official bond in the office of the county clerk of the county of his residence. The county clerk shall present the bond to the county judge for approval.

(d) The county judge shall act on each bond in the manner provided in Section 58.026 of this code.

(e) If any director appointed under this section fails to qualify, the commissioners court of the county in which he lives shall appoint some qualified person to replace him.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.035. INCLUSION OF CITY, TOWN, OR MUNICIPAL CORPORATION IN DISTRICT. (a) No city, town, or municipal corporation may be included within any district created under this chapter unless the proposition for the creation of the district has been adopted by a majority of the electors in the city, town, or municipal corporation.

(b) Any municipal corporation included within a district shall be a separate voting district, and the ballots cast within the municipal corporation shall be counted and canvassed separately from the remainder of the district.

(c) No district that includes a city, town, or municipal corporation may include land outside of the municipal corporation unless the election to confirm and ratify the creation of the district favors the creation of the district independent of the vote within the municipal corporation.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.036. CONFIRMATION ELECTION IN DISTRICT INCLUDING LAND IN MORE THAN ONE COUNTY. No district, the major portion of which is located in one county, may be organized to include land in another county unless the election held in the other county to confirm and ratify the creation of the district is adopted by those voting in the other county.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.037. EXCLUSION OF PARTS OF DISTRICT; DISSOLUTION.

(a) If any portion of a district governed by Sections 58.035 and 58.036 of this code votes against the creation of the district and the remainder of the district votes for the creation, the district is confirmed and ratified in those portions of the district voting for the creation, and the district is composed only of those portions.

(b) The excluded portions of the district shall be excluded from all debts and obligations incurred after the election; however, all land and property included in the original district shall be subject to the payment of taxes for the payment of all debts and obligations, including organizational expenses, incurred while it was a part of the district.

(c) If a district is created and portions of the proposed district are excluded by the vote in those portions, 10 percent of the voters in the district may file with the Board a petition asking for a new election on the issue. A new election shall be ordered and held for the remaining portion of the district or the district organization may be dissolved by order of the board and a new district formed.

(d) A petition requesting a new election shall be filed within 30 days after the day on which the result of the election is canvassed and declared by the board.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.038. CONVERSION OF CERTAIN DISTRICTS INTO DISTRICTS

OPERATING UNDER THIS CHAPTER. (a) Any water improvement district or water control and improvement district which furnishes water for irrigation and does not furnish treated water or sewer services may be converted into a district operating under this chapter.

(b) The governing body of a district which desires to convert into a district operating under this chapter shall adopt and enter in the minutes of the governing body a resolution declaring that, in its judgment, conversion into an irrigation district operating under this chapter and under Article XVI, Section 59, of the Texas Constitution, would serve the best interest of the district and would be a benefit to the land and property included in the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.039. CONVERSION OF DISTRICT; NOTICE. (a) Notice of the adoption of a resolution under Section 58.038 of this code shall be given by publishing the resolution in a newspaper with general circulation in the county or counties in which the district is located.

(b) The notice shall be published once a week for two consecutive weeks with the first publication not less than 14 full days before the time set for a hearing.

(c) The notice shall:

- (1) state the time and place of the hearing;
- (2) set out the resolution in full; and
- (3) notify all interested persons to appear and offer testimony for or against the proposal contained in the resolution.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.040. CONVERSION OF DISTRICT; FINDINGS. (a) If, on a hearing, the governing body of the district finds that conversion of the district into one operating under this chapter would serve the best interest of the district and would be a benefit to the land and property included in the district, it shall enter an order making this finding and the district shall become a district

operating under this chapter.

(b) If the governing body finds that the conversion of the district would not serve the best interest of the district and would not be a benefit to the land and property included in the district, it shall enter an order against conversion of the district into one operating under this chapter.

(c) The findings of the governing body of a district entered under this section are final and not subject to appeal or review.
Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.041. EFFECT OF CONVERSION. A district that converts into a district operating under this chapter shall:

(1) be constituted an irrigation district operating under and governed by this chapter;

(2) be a conservation and reclamation district under the provisions of Article XVI, Section 59, of the Texas Constitution; and

(3) have and may exercise all the powers, authority, functions, and privileges provided in this chapter in the same manner and to the same extent as if the district had been created under this chapter.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.042. RESERVATION OF CERTAIN POWERS FOR CONVERTED DISTRICTS. (a) Any water improvement district or water control and improvement district, after conversion under Section 58.038 of this code, may continue to exercise all necessary specific powers under any specific conditions provided by the chapter of this code under which the district was operating before conversion, except that no district, after conversion, may engage in the treatment or delivery of treated water for domestic consumption or the construction, maintenance, or operation of sewage facilities.

(b) At the time of making the order of conversion, the governing body shall specify in the order the specific provisions of the chapter of the code under which the district had been

operating which are to be preserved and made applicable to the operations of the district after conversion into a district operating under this chapter.

(c) A reservation of a former power under Subsection (a) of this section may be made only if this chapter does not make specific provision concerning a matter necessary to the effectual operation of the converted district.

(d) In all cases in which this chapter does make specific provision, this chapter shall, after conversion, control the operations and procedure of the converted district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

SUBCHAPTER C. ADMINISTRATIVE PROVISIONS

Sec. 58.071. BOARD OF DIRECTORS. The governing body of a district is the board of directors, which shall consist of five directors.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.072. QUALIFICATIONS. To be qualified for election as a director, a person must be a resident of the state, be the owner of record of fee simple title to land in the district, be at least 18 years of age, and owe no delinquent taxes or assessments to the district. Section [49.052](#) does not apply to a district governed by this chapter.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1995, 74th Leg., ch. 715, Sec. 32, eff. Sept. 1, 1995.

Sec. 58.0731. ELECTION OF DIRECTORS FROM PRECINCTS. A district that elected one director from each of five precincts before it converted to a district operating under this chapter shall continue to elect its directors in the same manner from precincts.

Added by Acts 1979, 66th Leg., p. 70, ch. 44, Sec. 1, eff. April 11,

1979.

Sec. 58.084. DISTRICT TAX ASSESSOR AND COLLECTOR. The board may appoint one person to the office of tax assessor and collector, or it may order an election to fill that office. Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.089. BONDS OF OFFICERS OF A DISTRICT ACTING AS FISCAL AGENT OR COLLECTING MONEY FOR THE UNITED STATES. (a) If a district is appointed fiscal agent for the United States or if a district is authorized to make collections of money for the United States in connection with a federal reclamation project, each director and officer of the district including the tax assessor and collector shall execute an additional bond in the amount required by the Secretary of the Interior, conditioned on the faithful discharge of his respective office and on the faithful discharge by the district of its duties as fiscal or other agent of the United States under its appointment or authorization.

(b) The additional bonds shall be approved, recorded, and filed as provided in this chapter for other official bonds.

(c) Suit may be brought on the bonds by the United States or any person injured by the failure of the officers or directors of the district to fully, promptly, and completely perform their respective duties.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

SUBCHAPTER D. POWERS AND DUTIES

Sec. 58.121. PURPOSES OF DISTRICT. (a) Irrigation districts operating under this chapter are limited purpose districts established primarily to deliver untreated water for irrigation and to provide for the drainage of lands and such other functions as are incidental to the accomplishment of such limited purposes. An irrigation district shall not engage in the treatment or delivery of treated water for domestic consumption or the

construction, maintenance, or operation of sewage facilities or provide any other similar municipal services. An irrigation district may cooperate with the United States under the federal reclamation laws for the purpose of:

(1) construction of irrigation and drainage facilities necessary to maintain the irrigability of the land;

(2) purchase, extension, operation, or maintenance of constructed facilities; or

(3) assumption, as principal or guarantor of indebtedness to the United States on account of district lands.

(b) An irrigation district operating under this chapter may contract with municipalities, political subdivisions, water supply corporations, or water users for the delivery of untreated water.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.122. POWERS OF DISTRICT. The district has the functions, powers, authority, rights, and duties which will permit the accomplishment of the purposes for which it was created, including the investigation and, in case a plan for improvements is adopted, the construction, maintenance, and operation of necessary improvements, plants, works, and facilities, and the acquisition of water rights and all other properties, land, tenements, materials, borrow and waste ground, easements, rights-of-way, and everything considered necessary, incident, or helpful to accomplish by any practicable mechanical means any one or more of the objects authorized for the district, subject only to the restrictions imposed by the Constitutions of Texas or the United States. A district also may acquire property deemed necessary for the extension or enlargement of the plant, works, improvements, or service of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.125. CONSTRUCTION OF IMPROVEMENTS. A district may construct all works and improvements necessary:

(1) for the irrigation of land in the district;

(2) for the drainage of land in the district, including drainage ditches or other facilities for drainage; and

(3) for the construction of levees to protect the land in the district from overflow.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.126. PURCHASE OF MACHINERY AND SUPPLIES. The board may purchase machinery, materials, and supplies needed in the construction, operation, maintenance, and repair of district improvements.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.127. ADOPTING RULES. A district may adopt and make known reasonable rules to:

(1) prevent waste or the unauthorized use of water; and

(2) regulate residence, hunting, fishing, boating, and camping, and all recreational and business privileges on any body or stream of water, or any body of land, or any easement owned or controlled by the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.128. EFFECT OF RULES. After the required publication, rules adopted by the district under Section 58.127 of this code shall be recognized by the courts as if they were penal ordinances of a city.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.129. PUBLICATION OF RULES. (a) The board shall publish once a week for two consecutive weeks a substantive statement of the rules and the penalty for their violation in one or more newspapers with general circulation in the area in which the property of the district is located.

(b) The substantive statement shall be as condensed as is possible to intelligently explain the purpose to be accomplished or the act forbidden by the rule.

(c) The notice must advise that breach of the rules will subject the violator to a penalty and that the full text of the rules is on file with the principal office of the district where it may be read by any interested person.

(d) Any number of rules may be included in one notice.
Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.130. EFFECTIVE DATE OF RULES. The penalty for violation of a rule is not effective and enforceable until five days after the publication of the notice. Five days after the publication, the published rules shall be in effect and ignorance of it is not a defense for a prosecution for the enforcement of the penalty.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.133. CONSTRUCTING BRIDGES AND CULVERTS ACROSS AND OVER COUNTY AND PUBLIC ROADS. The district shall build necessary bridges and culverts across and over district canals, laterals, and ditches which cross county or public roads. Funds of the district shall be used to construct the bridges and culverts.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.134. CONSTRUCTING CULVERTS AND BRIDGES ACROSS AND UNDER RAILROAD TRACKS, ROADWAYS, AND INTERURBAN OR STREET RAILWAYS.

(a) The district, at its own expense, may build necessary bridges and culverts across or under any railroad tracks or roadways of any railroad or any interurban or street railway to enable the district to construct and maintain any canal, lateral, ditch, or other improvement of the district.

(b) Before the district builds a bridge or culvert, the board shall deliver written notice to the local agent,

superintendent, roadmaster, or owner. The railroad company or its owner shall have 60 days in which to build the bridge at its own expense and according to its own plans.

(c) The canal, culvert, ditch, or structure shall be constructed of sufficient size and proper plan to serve the purpose for which it is intended.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.136. POWER TO CONTRACT. The district may enter into a contract for the use by another of its water, facilities, or service, either inside or outside the district, except that a contract may not be made which impairs the ability of the district to serve lawful demands for service within the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.150. TRANSACTIONS IN DISTRICT NAMES UNDER JOINT OWNERSHIP AND CONSTRUCTION CONTRACT. All bids, bonds, contracts, and other transactions made under a joint ownership and construction contract may be made in the names of the districts which are parties to the contract.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.153. CONTRACT WITH THE UNITED STATES. (a) The board may enter into a contract or other obligation with the United States for the investigation, construction, extension, operation, and maintenance of any federal reclamation project of benefit to the district and authorized under the National Reclamation Act of 1902, as amended.

(b) The board may contract to secure a district water supply from the federal reclamation project and to pay to the United States the agreed cost of it in the form of construction charges, operation and maintenance charges, and water rental charges, as shown by the contract and in accordance with the terms and conditions of the national reclamation law.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.154. CONSTRUCTION CHARGES UNDER A CONTRACT WITH THE UNITED STATES. The construction charges under a contract with the United States may include the cost of drainage and flood-control works necessary to control floods or to maintain the irrigability of district land.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.155. ELECTION TO APPROVE A CONTRACT WITH THE UNITED STATES. (a) The electors of the district shall vote to approve every contract involving the payment of construction charges to the United States. The provisions of this chapter relating to the election to approve the validation of district bonds shall be followed, including the prosecution of an action in court to determine the validity of the contract.

(b) The notice of election shall state the maximum amount, exclusive of operation and maintenance charges, water rental charges, interest, and penalties, payable by the district to the United States under the contract.

(c) The ballot shall be printed to provide for voting for or against the proposition: "The contract with the United States and levy of taxes to make payments under the contract". This is the only proposition that may appear on the ballot.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.156. CONVEYING PROPERTY TO THE UNITED STATES. A district may convey any property to the United States necessary for the construction, operation, or maintenance of federal reclamation works used or to be used for the benefit of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.157. CONSENT OF UNITED STATES TO ALTER DISTRICT'S

BOUNDARIES. Until all money has been paid by the district which is due to the United States under a contract relating to a federal reclamation project, the United States must consent to any change in the boundaries of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.158. TAXES LEVIED BY DISTRICT UNDER CONTRACT WITH THE UNITED STATES. (a) A district that enters into a contract with the United States shall levy annually sufficient taxes to provide payment of all installments required by the contract.

(b) The board may pay construction charges when provided by contract on the basis of the average gross annual acre income of the land of the district or designated divisions or subdivisions of the district. The Secretary of the Interior shall determine the annual gross acre income.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.159. ASSESSMENTS FOR CONTRACTS WITH THE UNITED STATES. The board shall levy annually sufficient assessments to collect the money required to pay all of the district's obligations in full when due regardless of any delinquency in payment of assessments by any tract of land. If collections in any year are insufficient to pay the obligations of the district, the levy shall be increased sufficiently the following year to cover the deficit.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.160. DURATION OF ANNUAL LEVIES FOR CONTRACTS WITH THE UNITED STATES. The board shall continue annual levies for payment of construction charges each year against each tract of land in the district even though construction charges apportioned against other tracts of land in the district may be paid sooner or later.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.161. SUPERIORITY OF LIEN TO SECURE CONTRACT WITH THE UNITED STATES. The lien against district land created by a contract with the United States shall be superior to the lien created by any district bonds approved subsequent to the date of the contract with the United States.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.162. DISTRICT'S AUTHORITY TO SOLICIT COOPERATION, DONATIONS, AND CONTRIBUTIONS FROM OTHER AGENCIES. A district organized under the provisions of this chapter may solicit cooperation, donations and contributions from:

(1) the United States, the state or nation;

(2) any county, municipality, water improvement district, water control and improvement district, drainage district, or any other political subdivision of the state; or

(3) any person, copartnership, corporation, or association.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.163. EXPENSE OF PROCURING COOPERATION AND CONTRIBUTIONS FROM OTHER AGENCIES. A district may incur reasonable expense to procure cooperation under Section 58.162 of this code in adding to the area of the district or with contributions to the cost of improvements made by the district. The contributions may be either a percentage of cost or a definite annual sum.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.164. AUTHORITY OF CONTRIBUTOR. (a) Any water improvement district, water control and improvement district, levee improvement district, irrigation district, county, city, town, or other political subdivision of the state may contract to contribute to the cost of the construction of drainage and irrigation water distribution system improvements. The

improvements to be constructed may be outside the contributing district, municipality, or other political subdivision of the state, and may be located outside the state or the United States.

(b) The works may be constructed by any agency.

(c) The contribution shall be proportionate to the benefit which the contributor will derive from the proposed improvements.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.165. ISSUANCE OF BONDS BY CONTRIBUTOR. (a) The contract may provide for the issuance of bonds by the contributor and for direct payment from the proceeds of the bonds to contractors on the estimates of the engineer for the contributor.

(b) Before issuing bonds, a contributing political subdivision shall submit the contract for contribution to its electors for approval and for authority to issue the bonds, fix a lien to secure the bonds, and levy, assess, and collect taxes to retire the bonds. The procedure by a contributing political subdivision of the state shall conform to the applicable law under which the political subdivision was organized and authorized to create bonded indebtedness.

(c) The disposition of the proceeds of the bond shall conform to the approved contract of contribution.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.166. ANNUAL TAX BY CONTRIBUTOR. (a) The contract for contribution may provide that instead of issuing bonds the contributor may levy, assess, and collect an annual tax in a specific sum. The levy or assessment is a lien on the property subject to the contributor's taxing power.

(b) The contributor shall collect the tax at its own expense and pay it annually to the district to which the contribution is to be made. The district shall hold the annual payment as a trust fund and annually apply it to the bonds issued by it to provide funds for the construction of the improvements to which the contribution is made.

(c) The contributor shall submit the contract of contribution to its electors for approval and for authority to levy and assess a sufficient tax to meet the annual payments fixed in the contract. The election for the approval of the contract and the authorized taxes for the fulfillment of the contract shall conform to appropriate law under which the contributing political subdivision was organized and authorized to create bonded indebtedness.

(d) Payment of the annual sums of contribution shall conform to the contract of contribution.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.167. CONTRIBUTIONS FROM UNAPPROPRIATED OR AVAILABLE FUNDS OF CONTRIBUTOR. (a) If the proposed contributor has an unappropriated fund or a fund which is not required for actual use even though otherwise appropriated, the fund may be withdrawn from the project which does not need it and may be applied to pay contributions to the cost of the improvements considered to be a benefit to the contributor but to be constructed by another agency or jointly by the contributor and another agency.

(b) The board of the contributing political subdivision may contract for contributions and contribute from an unappropriated or available fund without submitting the contract and contributions to a vote of the electors of the contributor. However, the contributions shall not be made if they impair the ability of the contributor to meet any outstanding obligation or to adequately and economically discharge the contributor's duty to its electorate or constituency.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.168. LIABILITY ON CONTRACTS OF ACQUIRED IRRIGATION SYSTEM. If a district acquires an established irrigation system which has contracted to supply water to others and the holders of the contracts or the lands entitled to service of water are not within the district, the contracts and duties shall be performed by

the district in the same manner and to the same extent that any other purchaser of the system would be bound.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.170. COVENANTS AND AGREEMENTS INCLUDED IN LEASE.

(a) The lease shall expressly state that the sums payable under the terms of the lease and the lease itself shall not constitute an indebtedness or pledge of the general credit of the district within the meaning of any constitutional or statutory limitation of indebtedness. The lease shall contain a statement that payments due under it are not payable from any funds raised or to be raised by taxation.

(b) The lease may contain covenants and agreements which are not inconsistent with the provisions of this code which authorize the lease for:

(1) the management and operation of the leased properties;

(2) the imposition and collection of charges for water;

(3) the disposition of the proceeds of charges;

(4) the insurance, protection, and maintenance of the leased properties;

(5) the creation of other obligations payable from the revenues derived from the operation of the leased properties;

(6) the keeping of books and records by the district; and

(7) other pertinent provisions which the board considers desirable to assure the payment of amounts due under the lease.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.171. REVENUE FOR PAYMENT OF LEASE RENTAL. (a) All money due the lessor under the lease shall be payable solely from the revenue derived by the district from the sale of water supplied through the leased system.

(b) The board shall set and collect charges for the water supplied through the leased properties to produce sufficient revenue at all times to allow for delinquencies and to pay promptly all rental payments becoming due under the terms of the lease. The board may agree to deposit this money in a separate fund as a first charge on the gross revenue received each year from sales of water, and which shall not be used for any other purpose.

(c) The board may agree in the lease to pay all expenses of operating and maintaining the leased properties from the fund provided by the board each year for the maintenance and operation expenses of the district so that the gross revenue from sale of water will be available exclusively for payment of rentals until the amount required for rentals each year is paid into the separate rental fund.

(d) If the board includes this agreement in the lease, the board shall provide for the payment of sums into the maintenance fund from sources other than the remaining portions of the gross revenue from the sale of water not required to pay rentals which are sufficient each year to pay all expenses of operating the district and maintaining and operating its properties and facilities, including the leased properties.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.172. RECEIVER FOR LEASED IRRIGATION SYSTEM. (a) If the district defaults in the payments due under a lease, the lessor may petition a court of competent jurisdiction to appoint a receiver for the leased properties.

(b) The receiver shall operate the properties and collect and distribute the revenue according to the terms of the lease and the direction of the court.

(c) The receiver has the same rights and powers as the board in its operation of the leased properties.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.173. JOINT LEASE BY TWO OR MORE DISTRICTS. The

boards of two or more districts may adopt resolutions to enter into a joint lease under the provisions of Section 58.169 of this code. The joint lease shall specify clearly the respective rights and liabilities of the districts and shall be subject to all the provisions of Sections 58.169 and 58.172 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.174. AUTHORITY TO ACQUIRE IRRIGATION SYSTEM SUBJECT TO MORTGAGE. A district may acquire by gift, grant, or purchase any part of an irrigation system serving the district which is subject to a mortgage or encumbrance. The mortgage or encumbrances shall not be assumed by the district and shall not be an indebtedness of the district but shall constitute solely a charge on the encumbered property and the revenue from it.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.175. REVENUE FOR PAYMENT OF MORTGAGE. (a) The board may determine conclusively by resolution whether the mortgage or encumbrance represents all or part of the cost of the acquired property and constitutes a purchase money lien on the property.

(b) The board may contract to use and pledge its revenue derived solely from the sale of water and services supplied through the acquired properties for the payment of a purchase money lien.

(c) The board also may use revenue from taxation or from the issuance and sale of bonds to pay all or part of the amount due under the encumbrance if a majority of the electors of the district voting at an election on this proposition approve its use.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.176. ELECTION TO APPROVE REVENUE FOR PAYMENT OF MORTGAGE. (a) If tax and bond revenue is pledged to pay amount due under the encumbrance, the district must hold an election and receive the approval of the electors.

(b) An election to approve the use of tax and bond revenue

shall be held in the same manner and with the same voters' qualifications as provided for elections on the issuance of the bonds of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.177. JOINT ACQUISITION OF MORTGAGED SYSTEM BY TWO OR MORE DISTRICTS. (a) Two or more districts jointly may acquire by gift, grant, or purchase any part of an irrigation system serving the districts subject to a mortgage or encumbrances in the same manner that a single district may acquire the system.

(b) In the proceedings authorizing the acquisition, the boards of the respective districts shall define clearly the respective rights, interest, and liability of the districts in the acquired property and in the mortgage or encumbrance.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.178. AUTHORITY TO LEASE FACILITIES TO WATER CUSTOMERS. (a) A district may lease to any person, firm, or corporation which is a bona fide water customer of the district any of its facilities and may also lease any of the district's land which is appropriate to the utilization of the leased facilities, including, but not limited to land acquired by eminent domain.

(b) The board and the lessee shall agree on the form of the lease and its terms, conditions, provisions, and stipulations: however, the duration of the lease shall not be longer than the duration of the water contract between the district and the lessee under the primary term of the water contract and any renewal or extension of it.

(c) After a lease to a water customer is authorized by the board, the lease shall be executed by the president or vice-president of the board and attested by the secretary. The lease is valid and effective without any other requirement or prerequisite by the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.180. AMENDMENTS TO WATER RIGHTS. The board may apply to the commission to amend its water rights as provided by Section 11.122 of this code and the rules of the commission.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1981, 67th Leg., p. 961, ch. 367, Sec. 1, eff. June 10, 1981.

Sec. 58.181. SUIT TO PROTECT WATER RIGHTS. The board may institute and maintain any suit or suits to protect the water supply or other rights of the district, to prevent any unlawful interference with the water supply or other rights of the district, or to prevent a diversion of its water supply by others.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.182. TRANSFER OF WATER RIGHT. If there is land in a district which has a water right from a source of supply acquired by the district but the land is difficult or impracticable to irrigate from that source of supply, the district may allow transfer of the water right to other land which is adjacent to the district. The adjacent land may be admitted to the district with the same right of water service as the land from which the water was transferred.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.183. SELLING WATERPOWER PRIVILEGES. (a) The district may enter into a contract to sell waterpower privileges if power can be generated from water flowing from the district's reservoirs within its canal system.

(b) The sale of waterpower privileges may not interfere with the district's obligation to furnish an adequate supply of water for the purpose for which the district was organized and for municipal purposes in districts that furnish water for municipal purposes.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.184. SELLING SURPLUS WATER. The district may sell any surplus district water for use in irrigation or for domestic or commercial uses to any person who owns or uses land in the vicinity of the district or to other districts which include land in the same vicinity.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.185. PUMPING WATER TO ANOTHER DISTRICT. If the board considers it advisable, it may contract to pump for or supply another district any water in which the other district has a right. The board shall provide the terms of the contract.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.186. OBTAINING TOPOGRAPHIC MAPS AND DATA. The Texas Water Development Board shall furnish to a district topographic maps and data concerning projects undertaken by the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1981, 67th Leg., p. 961, ch. 367, Sec. 1, eff. June 10, 1981; Acts 1987, 70th Leg., ch. 977, Sec. 34, eff. June 19, 1987.

Sec. 58.190. SALE OF PROPERTY NOT ACQUIRED TO CARRY OUT THE PLANS OF THE DISTRICT. The board may sell property bid in by it at any sale under foreclosure of its tax lien or of its lien for charges or assessments, or any property acquired by it other than for the purpose of carrying out the plans of the district, without formally determining that the property is not required to carry out the plans of the district, without giving notice of the intent of the district to sell the property, and without applying the proceeds of the sale as provided in Sections 58.188 and 58.189 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

SUBCHAPTER E. ELECTION PROVISIONS

Sec. 58.221. LANDOWNER. In this subchapter, a reference to "landowner" refers to a single landowner who is the owner of record of fee simple title to a parcel of land located within the boundaries of a district, regardless of whether the title to the parcel of land is held by:

- (1) an individual landowner;
- (2) two or more individual landowners; or
- (3) a corporation, partnership, or other business entity.

Added by Acts 2001, 77th Leg., ch. 107, Sec. 1, eff. Sept. 1, 2001.

Sec. 58.222. ELIGIBILITY TO VOTE. Notwithstanding the Election Code and any other law, a landowner or the landowner's registered representative under this subchapter is entitled to one vote in an election conducted by a district only if the landowner:

- (1) owns at least one acre of irrigable land located within the district's boundaries that is subject to an assessment for maintenance and operating expenses under Sections 58.305(a) and (b);
- (2) is entitled to receive and use irrigation water delivered by the district through the district's irrigation facilities; and
- (3) satisfies all other requirements for voting prescribed by this subchapter.

Added by Acts 2001, 77th Leg., ch. 107, Sec. 1, eff. Sept. 1, 2001.

Sec. 58.223. ELIGIBILITY REQUIREMENTS. An individual landowner, or the landowner's registered representative, is eligible to vote only if the individual:

- (1) is 18 years of age or older;
- (2) is a United States citizen;
- (3) has not been determined mentally incompetent by a final judgment of a court;
- (4) has not been finally convicted of a felony or, if

so convicted, has:

(A) fully discharged the individual's sentence, including any term of incarceration, parole, or supervision, or completed a period of probation ordered by any court; or

(B) been pardoned or otherwise released from the resulting disability to vote; and

(5) is included on the list of qualified voters prepared under Section 58.224(d).

Added by Acts 2001, 77th Leg., ch. 107, Sec. 1, eff. Sept. 1, 2001.

Sec. 58.224. REGISTRATION REQUIRED. (a) A landowner who elects to designate a representative to vote on behalf of the landowner must register the representative to vote on a form prescribed by the district.

(b) The form must be received by the district on or before the 20th day before the date of the election.

(c) The registration is valid for a period prescribed by the district.

(d) The district shall prepare a list of qualified voters as shown by the district's records as of the 60th day before the date of a district election. On or before the 40th day before the date of an election, the district shall:

(1) file the list with the county clerk of each county within which the district's boundaries are located;

(2) post the list in the district's office; and

(3) post the list at each county courthouse in each county within which the district's boundaries are located.

(e) Only an individual landowner or a registered representative of a landowner whose name appears on the list of qualified voters is eligible to vote in a district election.

Added by Acts 2001, 77th Leg., ch. 107, Sec. 1, eff. Sept. 1, 2001.

Sec. 58.225. VOTING BY REPRESENTATIVE. (a) A landowner may authorize an individual to vote in a district election as the landowner's representative as provided by this subchapter.

(b) If ownership of the land is vested in more than one individual or in a corporation, partnership, or other business

entity, the vote must be made by a registered representative.

Added by Acts 2001, 77th Leg., ch. 107, Sec. 1, eff. Sept. 1, 2001.

Sec. 58.226. LIABILITY FOR DISTRICT TAXES AND DEBTS. (a) A person who on January 1 of each year is not eligible under this subchapter to vote in an election held by a district is not liable for any tax imposed by the district under Subchapters L or M during the year in which the person is not eligible to vote.

(b) A person continues to be liable for the payment of:

(1) taxes imposed before the date on which a person becomes ineligible to vote under this subchapter;

(2) the pro rata share of any district indebtedness existing on the date on which a person becomes ineligible to vote under this subchapter; and

(3) taxes imposed during any year in which the person is eligible to vote under this subchapter.

Added by Acts 2001, 77th Leg., ch. 107, Sec. 1, eff. Sept. 1, 2001.

SUBCHAPTER G. WATER CHARGES AND ASSESSMENTS

Sec. 58.301. STATEMENT ESTIMATING WATER REQUIREMENTS AND PAYMENT OF CHARGE. (a) If required by the board, each person who desires to receive irrigation water at any time during the year shall furnish the secretary of the board a written statement of the acreage the person intends to irrigate and the different crops the person intends to plant with the acreage of each crop.

(b) At the time the acreage estimate is furnished to the secretary, each person applying for water shall pay the portion of the water charge or assessment set by the board.

(c) If a person does not furnish the statement of estimated acreage or does not pay the part of the water charge or assessment set by the board before the date for fixing the assessment, the district is not obligated to furnish water to that person during that year.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 27, eff. September 1, 2013.

Sec. 58.302. CONTRACTS WITH PERSON USING IRRIGATION WATER.

(a) The board may require each person who desires to use irrigation water during the year to enter into a contract with the district which states the acreage to be irrigated, the crops to be planted, the amount to be paid for the water, and the terms of payment.

(b) If a person irrigates more acreage than the person's contract specifies, the person shall pay for the additional service.

(c) The directors also may require a person using irrigation water to execute a negotiable note or notes for all or part of the amount owed under the contract.

(d) The contract is not a waiver of the lien given to the district under Section 58.309 against the crops of a person using irrigation water for the service furnished to the person.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 28, eff. September 1, 2013.

Sec. 58.303. AUTHORITY TO DETERMINE RULES AND REGULATIONS. The board may adopt, alter, and rescind rules, and standing and temporary orders which do not conflict with the provisions of this subchapter and which govern:

- (1) methods, terms, and conditions of water service;
- (2) applications for water;
- (3) assessments, charges, fees, rentals, or deposits for maintenance and operation;
- (4) payment and the enforcement of payment of the assessments, charges, fees, rentals, or deposits;
- (5) furnishing irrigation water to persons who did not apply for it before the date of assessment if required; and
- (6) furnishing water to persons who wish to take water

for irrigation in excess of their original applications or for use on land not covered by their original applications if required.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 29, eff. September 1, 2013.

Sec. 58.304. BOARD'S ESTIMATE OF MAINTENANCE AND OPERATING EXPENSES. The board, on or as soon as practicable after a date fixed by standing order of the board, shall estimate the expenses of maintaining and operating the district's water delivery system for the next 12 months. The board may change the 12-month period for which it estimates the expenses of maintaining and operating the water delivery system by estimating such expenses for a shorter period so as to adjust to a new fixed date and thereafter estimating the expenses for 12-month periods following the adjusted fixed date.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1997, 75th Leg., ch. 789, Sec. 3, eff. Sept. 1, 1997.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 30, eff. September 1, 2013.

Sec. 58.305. DISTRIBUTION OF ASSESSMENT. (a) The board by order shall allocate a portion of the estimated maintenance and operating expenses that shall be paid by assessment against all land in the district to which the district can furnish irrigation water through its water delivery system or through an extension of its water delivery system. This assessment shall be levied against all irrigable land in the district on a per acre basis, whether or not the land is actually irrigated.

(b) The board shall determine from year to year the proportionate amount of the expenses which will be borne by all water users receiving water delivery from the district.

(c) The remainder of the estimated expenses shall be paid by

charges, fees, rentals, or deposits required of persons in the district who use or who make application to use water and other charges approved by the board. The board shall prorate the remainder among the applicants for irrigation water and may consider:

(1) the acreage each applicant will plant, the crop the applicant will grow, and the amount of water per acre used for irrigation purposes; and

(2) other factors deemed appropriate by the board with respect to water used for other nonirrigation uses.

(d) A landowner of irrigable land in the district or a user of water delivered by the district for any purpose other than irrigation who disputes all or a part of a board order that determines the amount of an assessment, charge, fee, rental, or deposit may file a petition under Section 11.041. That petition filed with the commission is the sole remedy available to a landowner or user of water described by this subsection.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 31, eff. September 1, 2013.

Sec. 58.306. NOTICE OF ASSESSMENTS. (a) Public notice of all assessments imposed under Section 58.305(a) shall be given by posting printed notice of the assessment in at least one public place in the district.

(b) Not later than the fifth day before the date on which the assessment is due, notice shall be mailed to each landowner at the address which the landowner shall furnish to the board.

(c) Notice of special assessments shall be given within 10 days after the assessment is levied.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 32, eff. September 1, 2013.

Sec. 58.307. PAYMENT OF ASSESSMENTS. (a) All assessments imposed under Section 58.305(a) shall be paid in installments at the times fixed by the board.

(b) If a crop for which water was furnished by the district is harvested before the due date of any installment payment, the entire unpaid assessment becomes due at once and shall be paid within 10 days after the crop is harvested and before the crop is removed from the county or counties in which it was grown.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 33, eff. September 1, 2013.

Sec. 58.308. COLLECTION OF ASSESSMENTS BY TAX ASSESSOR AND COLLECTOR. (a) Under the direction of the board, the assessor and collector, or other person designated by the board, shall collect all assessments imposed under Section 58.305(a) for maintenance and operating expenses.

(b) The assessor and collector shall execute a bond in an amount determined by the board, conditioned on the faithful performance of the duties of the assessor and collector and accounting for all money collected.

(c) The assessor and collector shall keep an account of all money collected and shall deposit the money as collected in the district depository. The assessor and collector shall file with the secretary of the board a statement of all money collected once each month.

(d) The assessor and collector shall use a duplicate receipt book, give a receipt for each collection made, and retain in the book a copy of each receipt, which shall be kept as a record of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 34, eff.

September 1, 2013.

Sec. 58.309. LIEN AGAINST CROPS. (a) The district shall have a first lien, superior to all other liens, against all crops grown on a tract of land in the district to secure the payment of an assessment imposed against the tract under Section 58.305(a), interest, and collection or attorney's fees.

(b) If the crops against which the district has a lien under this section are cultivated on a basis other than annual replanting, the owner of the crops shall record with the county clerk of the county where the land on which the crops are cultivated is located a legally sufficient description of the land, including a metes and bounds description or a plat reference.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 35, eff. September 1, 2013.

Sec. 58.310. LIST OF DELINQUENT ASSESSMENTS. Assessments imposed under Section 58.305(a) not paid when due shall become delinquent on the first day of the month following the date payment is due, and the board shall keep posted in a public place in the district a correct list of all persons who are delinquent in paying assessments. If a person who owes an assessment has executed a note and contract as provided in Section 58.302, the person may not be placed on the delinquent list until after the maturity of the note and contract.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1997, 75th Leg., ch. 789, Sec. 3, eff. Sept. 1, 1997.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 36, eff. September 1, 2013.

Sec. 58.311. WATER SERVICE DISCONTINUED. (a) If a landowner fails or refuses to pay a water assessment or a person

fails to pay a charge, fee, rental, or deposit imposed under this chapter or Chapter 49 when due, the landowner's or person's water supply shall be cut off, and no water may be furnished to the land until all back assessments or other amounts owed to the district are fully paid. The discontinuance of water service is binding on all persons who own or acquire an interest in land for which assessments or other amounts owed to the district are due.

(b) A landowner or person whose water service has been discontinued under Subsection (a) may request that the board reconsider the discontinuance related to a charge, fee, rental, deposit, or penalty, and may not request that the board reconsider a discontinuance related to an assessment. If the board declines to reconsider the discontinuance, the landowner or person may file a petition under Section 11.041. That petition filed with the commission is the sole remedy available to a landowner or person described by this subsection.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 37, eff. September 1, 2013.

Sec. 58.312. SUITS FOR DELINQUENT ASSESSMENTS. Suits for delinquent water assessments or other amounts owed to the district under this subchapter may be brought either in the county in which the district is located or in the county in which the defendant resides. All landowners are personally liable for assessments imposed under Section 58.305(a).

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 38, eff. September 1, 2013.

Sec. 58.313. INTEREST AND COLLECTION FEES. (a) All assessments imposed under Section 58.305(a) shall bear interest from the date payment is due at the rate of 15 percent a

year. Assessments not paid by the first day of the month following the date payment is due are delinquent, and a penalty of up to 15 percent of the amount of the past-due assessment shall be added to the amount due.

(b) If suit is filed to foreclose a lien on crops or if a delinquent assessment is collected by an attorney before or after suit, an additional amount of 15 percent on the unpaid assessment, penalty, and interest shall be added as collection or attorney's fees.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1997, 75th Leg., ch. 789, Sec. 3, eff. Sept. 1, 1997.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 39, eff. September 1, 2013.

Sec. 58.314. RIGHTS OF THE UNITED STATES. (a) If the board enters into a contract with the United States, the remedies in this subchapter available to the district also shall apply to enforce payment of charges due to the United States. The federal reclamation laws shall also apply.

(b) The directors shall distribute and apportion all water acquired by the district under a contract with the United States in accordance with acts of Congress, rules and regulations of the Secretary of the Interior, and provisions of the contract.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.315. SURPLUS ASSESSMENTS. If assessments made under this subchapter are more than sufficient to pay the necessary expenses of the district, the balance shall be carried over to the next year.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.316. INSUFFICIENT ASSESSMENTS. If the assessments made under this subchapter are not sufficient to pay the necessary

expenses of the district, the unpaid balance shall be assessed pro rata, in accordance with the assessments made for the current year. The additional assessments shall be paid under the same conditions and penalties within 30 days after the date of assessment.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.318. CHARGES FOR MAINTENANCE EXPENSES. (a) If maintenance charges are based on the quantity of water used, a fixed minimum charge may be made on all land, water connections, or other service entitled to receive and use water. An additional charge may be made for the use of more water than that covered by the minimum charge.

(b) The board may install proper measuring devices or require that they be installed.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.319. CHARGE TO CITIES AND TOWNS. If a district supplies untreated water, the charge for the use of the water and the time and manner of payment shall be determined by the board or fixed by the contract made with the board.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.320. LOANS FOR MAINTENANCE AND OPERATING EXPENSES. The board may borrow money to pay maintenance and operating expenses at an interest rate of not more than 10 percent a year and may pledge as security any of its notes or contracts with water users or accounts against them.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.321. WATER SERVICE: REFUSED. The board may refuse water service to any person who refuses to pay the charges and assessments for water service or who fails or refuses to pay any taxes levied against his property after six months from the date the

taxes become delinquent.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

SUBCHAPTER H. GENERAL FISCAL PROVISIONS

Sec. 58.351. CONSTRUCTION FUND. (a) The proceeds from the sale of bonds shall be deposited in the construction fund.

(b) Money deposited in the construction fund shall be used to pay expenses, debts, and obligations necessarily incurred in the creation, establishment, and maintenance of the district and to pay the purchase price of property and construction contracts, including purchases for which the bonds were issued.

(c) If the bonds were issued in accordance with a contract with the United States, debts and obligations may be paid from the construction fund under the terms of or incident to the contract.

(d) After the payment of obligations for which the bonds were issued, any remaining money in the construction fund may be transferred to the maintenance fund.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.352. MAINTENANCE FUND. (a) The district shall have a maintenance fund which shall include money collected by assessment or other method for the maintenance, repair, and operation of the properties and plant of the district or for temporary annual rental due to the United States.

(b) The maintenance fund shall be used to pay all expenses of maintenance, repair, and operation of the district except the expenses of assessing and collecting taxes for the interest and sinking fund shall be paid from the interest and sinking fund.

(c) The district may pay from the maintenance fund other expenses for which the payment is not provided in this chapter.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.353. AMORTIZATION AND EMERGENCY FUND. (a) The

board shall have a competent engineer make an inspection and valuation of the physical property of the district which is subject to decay, obsolescence, injury, or damage by sudden, accidental, or unusual causes, and based on the inspection and valuation, the engineer shall determine as nearly as he can a sufficient amount to be set aside annually to pay for replacement of each item of physical property at the end of its economic life or for the restoration or replacement of any item of physical property if it is lost, injured, or damaged.

(b) The board shall set aside a portion of the maintenance fund as it is collected equal to the amount determined under Subsection (a) of this section and shall place this money in the amortization and emergency fund. No part of this fund may be spent except to replace amortized property or to replace or restore lost, injured, or damaged property.

(c) Any amount in the amortization and emergency fund which is not spent for the purposes for which the fund was created may be invested in bonds or interest-bearing securities of the United States.

(d) The board is not required to create an amortization and emergency fund, but if the board does create the fund, it shall be kept up and maintained.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

SUBCHAPTER I. BORROWING MONEY

Sec. 58.391. AUTHORITY TO BORROW MONEY. The board may declare that funds are not available to meet lawfully authorized obligations of the district, thereby creating an existing emergency, and may borrow money at a rate of not more than 10 percent a year on notes of the district to pay obligations.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.392. SECURITY FOR LOAN. To secure the loan, the board may pledge up to 85 percent of any levied tax of the district

which has not been collected by the district or may pledge as collateral any district bonds which have been authorized but not sold.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.393. MATURITY DATE OF LOAN. (a) If taxes are pledged to pay for the loan, the loan shall mature not later than the following April 1.

(b) If preliminary or construction bonds are pledged to pay the loan, the loan shall mature not later than six months from the date it is made.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.394. LOAN SECURED BY BONDS. The amount of the loan may not be more than 25 percent of the district's unsold bonds and the par value of the bonds may not be more than 10 percent of the amount of the loan.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.395. EXPENDITURE OF LOAN PROCEEDS. No money obtained from a loan under Section 58.391 of this code may be spent for any purpose other than the purposes for which the pledged tax was levied or the pledged bonds were authorized.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.396. LOANS ACCOMPLISHED BY SALE OF DISTRICT BONDS. If the loan is secured by the sale of district bonds, the district may enter into an obligation to be conditioned conformably with the usages of investment banking to repurchase the bonds within the five-year period immediately following the date of the loan.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.397. PLEDGE OF COMMERCIAL INCOME. (a) The term "commercial income" means income other than revenue derived from taxation.

(b) If required to do so, a district may pledge its existing and expected commercial income to secure a loan to the extent the pledge will not obviously substantively impair the ability of the district to pay obligations which are held by others.

(c) If a district expects commercial income in the future but does not have the demonstrated income in an amount adequate to discharge the loan when it matures, the district may pledge the expected commercial income as provided in Subsection (b) of this section and in addition, or as an alternative, may pledge with a power of sale its unsold bonds in a par amount which shall not be more than the amount of the loan plus 10 percent. The district is not required to impound the bonds. The rate of interest on the loan may not be more than six percent.

(d) After commercial income is pledged, it may not be used for any purpose except to pay the debt which it secures, and it shall be applied to the reduction of the secured debt as rapidly as practicable.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.398. EVIDENCE OF DEBT. To evidence loans which are not secured by the sale of bonds, the district may execute and deliver to the lender certificates of indebtedness, notes, or obligations and may pledge its full faith and credit for their payment to the same extent that it may be pledged by district bonds. Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.399. RETIRING BONDS. If bonds are impounded or pledged to secure a loan made to a district, as the loan is repaid a proportionate amount of the bonds may be withdrawn, cancelled, and retired.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

SUBCHAPTER J. ISSUANCE OF BONDS

Sec. 58.431. AUTHORITY TO ISSUE BONDS OF DISTRICTS OPERATING UNDER ARTICLE III, SECTION 52, OF THE TEXAS CONSTITUTION. A district which is operating under Article III, Section 52, of the Texas Constitution, may issue bonds and lend its credit in an amount of not more than one-fourth of the assessed valuation of the real property in the district. However, the total indebtedness of any city or town may never be more than the limits imposed by the Texas Constitution.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.432. AUTHORITY TO ISSUE BONDS OF DISTRICTS OPERATING UNDER ARTICLE XVI, SECTION 59, OF THE TEXAS CONSTITUTION. A district operating under Article XVI, Section 59, of the Texas Constitution, may incur debt evidenced by the issuance of bonds which is necessary to provide improvements and maintenance of improvements to achieve the purposes for which the district was created.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.433. AMOUNT OF DEBT LIMITED BY CONSTITUTION. No district may issue bonds or create indebtedness in an amount which is more than that authorized by the Texas Constitution.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.434. ISSUANCE OF PRELIMINARY BONDS. A district may issue preliminary bonds to create a fund to pay:

- (1) costs of organization;
- (2) costs of making surveys and investigations;
- (3) attorney's fees;
- (4) costs of engineering work;
- (5) costs of the issuance of bonds; and

(6) other costs and expenses incident to organization of the district and its operation in investigating and determining plans for its plant and improvements and in issuing and selling bonds to provide for permanent improvements.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.435. ELECTION ON PRELIMINARY BONDS. (a) The proposition for the issuance of preliminary bonds shall be submitted to the electors of the district.

(b) The election may be held at the same time as the election to confirm the creation of the district or at a later time.

(c) The board shall make an estimate of the expenses to be paid with the proceeds of the preliminary bonds and shall include this estimate in the notice of election.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.436. CONDITIONS OF PRELIMINARY BONDS. (a) After preliminary bonds have been authorized at an election, the board may order the issuance of the bonds in an amount which is not more than the amount stated in the notice of election.

(b) The bonds may be paid serially or on amortization at any time not more than 10 years from their date.

(c) Although the bonds will be known and designated in the records as preliminary bonds, it is not necessary to make this designation on the bonds.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.437. TAX TO PAY PRELIMINARY BONDS. At the time preliminary bonds are issued, a tax shall be levied to pay principal and interest as the bonds mature and to pay the cost of assessing and collecting the taxes.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.438. ISSUANCE OF BONDS. (a) After a district is created and has adopted plans for construction of a plant and improvements, it may issue bonds to pay for constructing the plant and improvements and to pay costs and charges incident to the construction including the cost of necessary property and the retirement of preliminary bonds.

(b) The maximum amount of bonds which may be issued may not be more than the amount of the engineer's estimate plus the additional amounts added by the board in the election order.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.439. PURPOSES FOR ISSUANCE OF BONDS. The district may issue bonds to include:

- (1) the cost of organization of the district;
- (2) incidental expenses;
- (3) the cost of investigation and making plans;
- (4) the engineer's work and other incidental expenses;
- (5) the cost of retirement of preliminary bonds;
- (6) the cost of issuing and selling bonds;
- (7) the estimated discount on the bonds;
- (8) the cost of operation of a district for the period of construction of the plant and improvements stated in the engineer's report;
- (9) an amount to pay interest on the bonds during the period stated in the engineer's report, which shall not be more than three years from the time the bonds are sold; and
- (10) any additional cost or expense made necessary by any change or modification made in the proposed work by the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.440. ENGINEER'S REPORT. (a) Before an election is held to authorize the issuance of bonds, an engineer's report, which includes the plans and improvements to be constructed together with maps, plats, profiles, and data showing and

explaining the engineer's report, shall be filed in the office of the district and shall be available for public inspection.

(b) The engineer's report shall contain a detailed estimate of the cost of improvements, including the cost of any property to be purchased, and an estimate of the time required to complete the improvements to the degree to which they may provide service.

(c) The board shall consider the engineer's report and may make changes in the report and note them in the minutes.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.441. ELECTION ORDER. (a) After the engineer's report is filed and approved, the board may order an election in the district to authorize the issuance of bonds.

(b) In the order, the board shall estimate the total amount of money needed to cover the items listed in Section 58.439 of this code.

(c) The election order shall state:

- (1) the proposed maximum interest rate on the bonds;
- (2) the maximum maturity date of the bonds;
- (3) the time and places for holding the election; and
- (4) the names of the election officers.

(d) The election order shall be entered in the minutes of the board.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.443. BALLOTS. (a) The proposition to be voted on shall be the issuance of the total amount of bonds covered by the engineer's estimate plus additional estimates made by the board.

(b) The ballots shall be printed to provide for voting for or against: "The issuance of bonds and the levy of taxes to pay for the bonds."

(c) If a contract is proposed with the United States under the federal reclamation laws, the ballots shall be printed to provide for voting for or against: "The contract with the United States and the levy of a tax to pay the contract."

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.444. VOTE AT ELECTION. (a) Bonds of a district operating under the provisions of Article III, Section 52, of the Texas Constitution, may be issued only with the approval of two-thirds of the electors of the district participating in the election.

(b) In a district organized under the provisions of Article XVI, Section 59, of the Texas Constitution, bonds may be issued or indebtedness created only with the approval of a majority of the electors of the district participating in the election.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.445. ORDER TO ISSUE BONDS OR EXECUTE CONTRACT. After the vote is canvassed and the results are declared to be favorable to the proposition, the board shall make and enter an order directing the issuance of the bonds or the execution of a contract with the United States. The bonds or contract shall be in a sufficient amount to pay for the improvements together with all necessary incidental expenses, but the amount may not be more than the amount specified in the election order and notice of election.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.446. RECORD OF BOND PROCEEDINGS SUBMITTED TO ATTORNEY GENERAL. (a) After a district issues bonds other than preliminary bonds, but before they are sold, the record showing all the proceedings in the creation of the district and the issuance of the bonds shall be filed in the office of the attorney general.

(b) The attorney general shall examine the record and give his opinion on it.

(c) The record may be presented to the attorney general before the bonds are printed, and the bonds may be executed after the record is completed.

(d) After the record is approved, the bonds shall be issued

or duly executed.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.447. APPROVAL AND REGISTRATION OF BONDS. (a) After the bonds are issued and executed, they shall be submitted to the attorney general for approval.

(b) If the attorney general finds that the bonds are issued according to law and are valid, binding obligations of the district, he shall officially certify the bonds and execute a certificate, which shall be filed with the comptroller and recorded in the book kept for that purpose.

(c) The bonds may not be registered with the comptroller until 20 days after the day of the election authorizing the issuance of the bonds.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.448. VALIDITY OF BONDS. After the bonds are approved by the attorney general and registered by the comptroller, they shall be held to be valid, binding obligations of the district in any suit testing their validity. Any person interested in the bonds may file a suit before the bonds are registered to test the validity, but may not bring suit to test validity after the bonds are registered.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.449. CONDITIONS OF BONDS. (a) The bonds may be issued to mature at the end of a term of years or to mature serially at any date which is not later than the maximum maturity date stated in the election order.

(b) The bonds may be issued at any rate of interest which is not more than the rate of interest set in the election order.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.450. FORM OF BONDS. (a) The bonds shall be issued in the name of the district and shall be signed by the president and attested by the secretary, with the seal of the district attached.

(b) The bonds shall be issued in denominations of \$100 or multiples of \$100 and shall be payable annually or semiannually.

(c) The board shall determine and include in the bonds the time, place, manner, and condition of payment of principal and interest on the bonds, but none of the bonds may be made payable more than 40 years from their date.

(d) The lien for payments due to the United States under a contract that was not accompanied by a deposit of bonds with the United States shall be a preferred lien to that of any issue of bonds of any series or any issue of bonds subsequent to the date of the contract.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.453. VALIDATION SUIT. (a) A district may file a suit to determine the validity of the creation of the district and the bonds.

(b) If requested by the Secretary of the Interior, the district shall file a suit to validate a contract made with the United States.

(c) If a validation suit is filed, the bonds do not have to be approved by the attorney general.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.454. EFFECT OF PRIOR REGISTRATION. If bonds are approved by the attorney general and registered by the comptroller before a validation suit is filed, the filing of the suit cancels the prior registration.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.455. PROCEDURE IN VALIDATION SUIT. (a) A validation suit shall be brought by the district in the district

court of any county in which all or part of the district is located or in a district court in Travis County.

(b) The suit shall be in the nature of a proceeding in rem.

(c) Any person who is interested in the suit may intervene and file an answer.

(d) The issue shall be tried and determined by the court and judgment shall be entered on the findings.

(e) Repealed by Acts 1981, 67th Leg., p. 2646, ch. 707, Sec. 4(53), eff. Aug. 31, 1981.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1981, 67th Leg., p. 2646, ch. 707, Sec. 4(53), eff. Aug. 31, 1981.

Sec. 58.456. NOTICE OF VALIDATION SUIT. (a) To obtain jurisdiction of all parties to the validation suit, a general notice shall be published.

(b) The notice shall be published once a week for at least two consecutive weeks before the term of the court at which the notice is to be returned. The notice shall be published in a newspaper with general circulation in the county or counties in which the district is located, but if no newspaper is published inside the district, the notice shall be published in a newspaper in the nearest county in which a paper is published.

(c) Notice also shall be served on the attorney general in the manner provided in civil suits.

(d) The attorney general may waive notice if he is furnished a full transcript of the proceedings held in connection with the creation of the district and the issuance of the bonds or held in connection with the authorization of a contract with the United States. A copy of the contract with the United States also must be furnished.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.457. DUTIES OF ATTORNEY GENERAL IN VALIDATION SUIT.

(a) The attorney general shall examine all the proceedings and shall require any further evidence and make any further examination

which he considers advisable.

(b) The attorney general then shall file an answer to the suit, submitting the issue of whether the proceedings are valid and the bonds are legal and binding obligations of the district, or whether the contract with the United States is legal and binding on the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.458. JUDGMENT IN VALIDATION SUIT. (a) After the trial of the validation suit, if the judgment of the court is adverse to the district on any issue, the district may make an exception and point out the error, and the error may be corrected by the judge in the manner directed by the court.

(b) The judgment shall be rendered showing that the corrections have been made and that the bonds or the contract with the United States are binding obligations of the district.

(c) After the judgment is entered, it is res judicata in all cases which may arise in connection with:

- (1) the collection of the bonds or their interests;
- (2) any taxes levied to pay charges or any money required to pay a contract with the United States; and
- (3) all matters relating to the organization and validity of the district or the validity of the bonds or contract.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.459. EFFECT OF VALIDATION SUIT. (a) After a final judgment is rendered in the validation suit, the bonds or the contract with the United States shall be incontestable.

(b) No suit may be brought in any court of this state to contest or enjoin the validity of the creation of the district, any bonds which are issued, any contract with the United States, or the authorization of a contract with the United States, except in the name of the State of Texas by the attorney general on his own motion or on the motion of any party affected on good cause shown.

(c) The attorney general may not file or prosecute such a

suit unless it is based on allegations of fraud disclosed or found after the final judgment in the validation suit was rendered.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.460. CERTIFIED COPY OF DECREE. (a) After the judgment of the district court is entered, the clerk of the court shall make a certified copy of the decree which shall be filed with the comptroller. The comptroller shall record the decree in the book kept for that purpose.

(b) The certified copy of the decree or a certified copy of the comptroller's record of the decree shall be received in evidence in any suit which may affect the validity of the organization of the district or the validity of the bonds or the contract and shall be conclusive evidence of validity.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.461. REGISTRATION OF BONDS AND DECREE. On the presentation of the bonds together with a certified copy of the decree of the court, the comptroller shall register the bonds in a book kept for that purpose. The comptroller shall attach to each bond a certificate stating that the court's decree has been filed and recorded in his office and shall sign the certificate and attach his official seal.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.462. SALE OF BONDS. (a) After the bonds are issued by the district, the board shall sell the bonds on the best terms and for the best price possible.

(b) The board shall pay the proceeds from the sale of the bonds to the district depository.

(c) The district may exchange bonds for property acquired by purchase or to pay the contract price of work done for the use and benefit of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug.

29, 1977.

Sec. 58.463. TAX LEVY. (a) At the time the bonds are voted, the board shall levy a tax on all property inside the district subject to district taxation in a sufficient amount to redeem and discharge the bonds at maturity.

(b) The board annually shall levy or have assessed and collected taxes on all property inside the district in a sufficient amount to pay installments and interest as they become due.

(c) If a contract is made with the United States, the board annually shall levy taxes on property inside the district in a sufficient amount to pay installments and interest as they become due.

(d) The board may issue the bonds in serial form or payable in installments, and the tax levy shall be sufficient if it provides an amount sufficient to pay the interest on the bonds, the proportionate amount of the principal of the next maturing bond, and the expenses of assessing and collecting the taxes for that year.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.464. ADJUSTMENT OF TAX LEVY. (a) The board may from time to time increase or diminish the tax to adjust it for the taxable values of the property subject to taxation by the district and the amount required to be collected.

(b) The board shall raise an amount sufficient to pay the annual interest of and principal on all outstanding bonds.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1979, 66th Leg., p. 2321, ch. 841, Sec. 4(r), eff. Jan. 1, 1982.

Sec. 58.466. INTEREST AND SINKING FUND. (a) The district shall have an interest and sinking fund which shall include all taxes collected under this chapter.

(b) Money in the interest and sinking fund may be used only:

(1) to pay principal and interest on the bonds;

(2) to defray the expenses of assessing and collecting the taxes; and

(3) to pay principal and interest due under a contract with the United States if bonds have not been deposited with the United States.

(c) Money in the fund shall be paid out of the fund on warrants by order of the board as provided in this chapter.

(d) The depository shall receive and cancel each interest coupon and bond as it is paid and shall deliver it to the board to be recorded, cancelled, and destroyed.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.467. INVESTMENT OF SINKING FUND. (a) The board may invest any portion of the sinking fund of the district in bonds of the United States, the state, any county or city in the state, any irrigation or water improvement district, school district, or other tax bonds issued under the laws of the state.

(b) The funds may be invested if the bonds to be paid with them do not mature within three years from the time the investment is made and if it is necessary to preserve the best interest of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.468. REFUNDING BONDS. (a) The district may refund any bonds issued by it by issuing new bonds.

(b) Refunding bonds may be issued only if the old bonds are taken in exchange at their face value or less or new bonds can be sold at a premium and the old bonds retired without loss to the district.

(c) The comptroller may not register the refunding bonds until the old bonds for which the refunding bonds are being issued are presented to him for cancellation or until a valid contract providing for the purchase or exchange of the old bonds is executed and a copy filed in his office.

(d) The comptroller shall keep the refunding bonds until the

old bonds are presented to him for exchange or payment, and if the old bonds are presented for payment, the district shall pay them before the refunding bonds are registered.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.469. LIMITATION OF AUTHORITY TO INCUR DEBT AND ISSUE BONDS. (a) For the benefit of purchasers or holders of bonds to be issued or sold, the board of a district operating under the provisions of Article XVI, Section 59, of the Texas Constitution, may limit the authority of the district to incur debt or issue bonds.

(b) The board shall limit the authority by adopting a resolution which states that during a period of not more than 15 years the district will not issue bonds in an amount of more than 25 percent of the assessed value of taxable real property in the district according to the last assessment for district purposes or in an amount of more than a fixed sum or for certain named purposes.

(c) The board shall publish notice of the adoption of the resolution once a week for two consecutive weeks in a newspaper with general circulation in the district. The notice shall state that the resolution will take effect unless a petition against the proposed limitation signed by 20 percent of the electors of the district is presented within 20 days after the first publication of the notice.

(d) If a petition is filed against the limitation, the resolution will not take effect until it is approved at an election held in the district.

(e) The ballots for the election shall be printed to provide for voting for or against: "The limitation during the term of years of the maximum debt of the district to _____." (The blank space shall be filled with the purpose of the election).

(f) If the limitation is approved at an election or if no petition is filed against the resolution, the district may not issue bonds under any statute or constitutional provision in excess of the limitation during the designated term of years except to complete and make repairs to improvements whose cost will be within

the debt limitation.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.470. ISSUING BONDS IN EXCESS OF LIMITATION. (a) A district may issue bonds in excess of a limitation made under Section 58.469 of this code only after the commission has approved the plans and specifications with the estimate of costs.

(b) If the plans, specifications, and estimate are approved, notice of the intention to issue the bonds shall be published once a week for three consecutive weeks in a newspaper with general circulation in the district. The notice shall include a statement of the purpose for issuing the bonds, the amount of the proposed bond issue, and the time the hearing is to be held, which may not be less than 30 days after the notice is first published.

(c) The board shall hold the hearing and any taxpayer, bondholder, or other interested person may appear and be heard.

(d) If the board approves the issuance of the additional bonds in the amount and for the purpose stated in the notice, the question of issuing the bonds shall be submitted to the electors of the district at an election.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.471. MODIFICATIONS OR IMPROVEMENTS. (a) After bonds are issued or a contract is entered into with the United States, the board may give notice of an election to be held to authorize the issuance of additional bonds or a further contract with the United States.

(b) Additional bonds may be issued or a supplemental contract made if the board considers it necessary to:

(1) make modifications in the district or its improvements;

(2) construct further or additional improvements and issue additional bonds on the report of the engineer;

(3) make a supplemental contract with the United States; and

(4) make, on its own motion, additional improvements or purchase additional property to accomplish the purposes of the district and to serve the best interest of the district.

(c) The board shall enter its findings in the minutes.

(d) The election shall be held and the returns made in the manner provided in this chapter for the original election.

(e) If the result of the election favors the issuance of the bonds or the supplemental contract with the United States, the board may order the bonds issued or the contract made with the United States in the manner provided in this chapter.

(f) If a supplemental contract is made with the United States and bonds are not to be deposited with the United States, it is not necessary to issue bonds. If the district is required to raise money in addition to the amount of the contract, the bonds shall be issued only in the additional amount needed.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.472. ISSUANCE OF ADDITIONAL BONDS OR CREATION OF ADDITIONAL INDEBTEDNESS UNDER CERTAIN CONDITIONS. (a) A district may issue additional bonds or create additional indebtedness:

(1) if works, improvements, and facilities constructed under a plan provided in Section 58.440 or 58.452 of this code are inadequate to accomplish the beneficial results which the district's location and conditions demand;

(2) if it is considered necessary to make repairs, replacements, or additions to the district's improvements which cost more than \$25,000; or

(3) if additional money is needed to complete the improvements as planned.

(b) The district shall provide the additional money for the particular purpose in accordance with the provisions of this chapter regulating the creation of bond obligations subject to every limitation with respect to the original proceedings and the substantial protection of the substantive rights of holders of any of the district's outstanding obligations.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug.

29, 1977.

Sec. 58.473. INTERIM BONDS. After bonds, other than preliminary bonds or notes, are voted by a district, the board may declare an existing emergency with relation to money being unavailable to pay for engineering work, purchase of land, rights-of-way, construction sites, construction work, and legal and other necessary expenses and may issue interim bonds on the faith and credit of the district in the manner provided in Sections 58.474-58.479 of this code to pay these expenses.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.474. LIMITATIONS ON INTERIM BONDS. (a) Interim bonds shall mature not later than 10 years from the date they are issued, and shall be redeemable at any time before they mature, as provided in this subchapter.

(b) The principal amount of the interim bonds may not be more than 25 percent of the principal amount of the district's bonds which have been voted but not sold.

(c) Before the issuance of the interim bonds, the board, by resolution, may limit the issue to any amount less than 25 percent, and after the amount is determined and fixed by the resolution, no additional interim bonds may be issued and sold until all outstanding interim bonds are paid.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.475. ISSUANCE OF BONDS AND LEVY OF TAX. (a) After bonds other than preliminary bonds are voted, the board may authorize the issuance of the bonds in whole or in part as they are needed by the district.

(b) The board shall levy and annually assess and collect sufficient taxes to pay principal and interest on the bonds.

(c) The bonds may be approved by the attorney general and registered by the comptroller before the filing of the report of the Texas Water Rights Commission under Section 58.451 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.476. DEPOSIT OF BONDS TO SECURE INTERIM BONDS. (a) As the interim bonds are issued and sold, the board, by order, shall deposit bonds of the district which have been validated by a court or approved by the attorney general and registered by the comptroller as provided in Section 58.447 of this code in the district depository.

(b) The bonds deposited shall be credited to the interest and sinking fund account created to pay the interim bonds.

(c) The principal amount of the bonds deposited shall total at least 110 percent of the principal sum of the series of interim bonds which the bonds are deposited to secure.

(d) The interest rate on the interim bonds may not be more than the interest rate on the bonds deposited to secure them.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.477. PROCEDURE FOR ISSUANCE AND SALE OF INTERIM BONDS. (a) Interim bonds shall be issued in the name of the district, signed by the president, and attested by the secretary, with the district seal attached to each bond.

(b) The interim bonds may be issued in the denominations determined by the board and shall be approved by the attorney general and registered by the comptroller in the same manner as provided in Section 58.447 of this code.

(c) The interim bonds may be sold in the same manner and on the same terms provided by law for the sale of other bonds of the district.

(d) If interim bonds are sold at less than par value and accrued interest, the improvement bonds issued by the district must be sold at an increase over the price authorized by law in an amount sufficient to equal the discount allowed on the interim bonds.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.478. PAYMENT OF INTERIM BONDS. (a) The board shall appropriate the tax levied to pay the bonds deposited to the credit of the interest and sinking fund to pay the interim bonds or as much of that tax as necessary to secure the loan evidenced by the interim bonds.

(b) The proceeds of the tax shall be devoted exclusively to the payment of the principal and interest on the interim bonds.

(c) None of the provisions of this subchapter relating to interim bonds shall be construed as prohibiting the sale of bonds deposited to the credit of the interest and sinking fund to pay interim bonds or of any other bonds of the district, but if any of these bonds are sold, the district depository shall apply the proceeds to the payment of principal and accrued interest on the interim bonds and the remainder to the purposes for which the bonds were authorized.

(d) If none of the bonds are sold at the time an installment on the principal and interest of interim bonds matures, the depository shall cancel the deposited bonds and attached interest coupons in an amount equal to the principal and interest of the interim bonds paid off and discharged.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.479. REDEMPTION OF INTERIM BONDS. (a) At the option of the board, interim bonds may be redeemed at any time or times before maturity on payment by the district of the principal and accrued interest to the date fixed for redemption by the board.

(b) When interim bonds are called for redemption before maturity, the secretary shall give written notice of the redemption to the bank or banking house named as the place of payment in the bonds or to its successor or assign.

(c) In the notice, the secretary shall designate the bond or bonds called for redemption and payment and shall state the number or numbers of the bonds.

(d) The notice shall include the redemption date which shall not be more than 60 days after the date notice of call for payment is made.

(e) If any of the bonds which are called for redemption are not presented, they shall cease to bear interest from and after the date fixed for redemption.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.480. ALTERNATE METHODS FOR PAYING BONDS. (a) As used in this section and in Sections 58.481-58.484 of this code, "net revenue" means income or increment which may come from ownership and operation of the improvements which are encumbered less the proportion of the district's revenue income reasonably required to provide for administration, efficient operation, and adequate maintenance of the district's services and facilities which are encumbered. Net revenue does not include money derived from taxation.

(b) A district which expects net revenue from operations may secure its bonds in any one of the following:

(1) as provided in Section 58.463 of this code;

(2) by entering into a contract to pledge the net revenue of the district and to mortgage and encumber part or all of the property and facilities, franchise, revenue, and income from operations, and everything acquired or to be acquired by the district; or

(3) as provided in both Subdivisions (1) and (2) of this subsection.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.481. TAXES TO SECURE CERTAIN BONDS. (a) If bonds are secured as provided in Section 58.480(b)(3) of this code, at the time that net revenue together with money derived from taxes accumulates a surplus in the sinking fund equal to the amount required in the succeeding year to liquidate the interest and principal on the district's bonds maturing in that year, the district's annual tax levies may be lowered to produce not less than 25 percent of the bond maturities for the succeeding year.

(b) If three successive years demonstrate that this net

revenue is adequate to protect the district's bonds as they mature, the district's tax may be discontinued until further experience demonstrates the necessity to continue the tax to avoid default in the payment of the district's bonds as they mature.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.482. ELECTION. (a) If the district proposes to issue bonds which will be secured under either Section 58.480(b)(2) or 58.480(b)(3) of this code, the proposition shall be presented at an election held under Section 58.443 of this code.

(b) The ballots for the election shall be printed to provide for voting for or against one of the following propositions:

(1) "The issuance of bonds and the pledge of net revenue for the payment of the bonds.";

(2) "The issuance of bonds, the pledge of net revenue, and the creation of a lien on physical property to secure payment of the bonds."; or

(3) "The issuance of bonds, the pledge of net revenue, and the levy of adequate taxes to pay the bonds."

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.483. HEARING AND ELECTION ON CERTAIN BONDS. (a) A district which plans to issue bonds payable from and secured by a pledge of net revenue and a lien on the physical property, either or both, without the levy of taxes, is not required to hold a hearing to exclude land or adopt a plan of taxation.

(b) The proposition for issuance of bonds may be submitted at the election held to confirm the creation of the district or at an election called by the board.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.484. HEARING BEFORE ISSUING CERTAIN BONDS. If a district issues its original bonds under Section 58.480(b)(2) of this code and later desires to issue bonds payable in whole or in

part from taxes or to levy a tax for maintenance purposes, the district shall hold a hearing to exclude land, and at the time provided by law, shall hold another hearing to adopt a plan of taxation. These hearings shall be held before an election is called to approve the issuance of tax-supported bonds or the levy of a maintenance tax.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

SUBCHAPTER K. TAX PLAN

Sec. 58.501. TAX TO PAY PRELIMINARY BONDS. Taxes to pay principal and interest on preliminary bonds shall be levied and collected on the ad valorem basis.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.502. HEARING TO DETERMINE BASIS OF TAXATION. After the board adopts plans for construction of a plant and improvements to accomplish the purposes of the district and after an election is held to authorize the issuance of construction bonds and the levy of a tax to pay for the bonds, the board shall hold a public hearing to determine whether the taxes to pay the construction bonds and maintenance, operation, and administrative costs of the district shall be levied, assessed, and collected on:

- (1) the ad valorem basis;
- (2) the basis of assessment of specific benefits;
- (3) the basis of assessment of benefits on an equal sum per acre; or
- (4) the ad valorem basis for part of the total tax or defined area or property and on the benefit basis for the other part of the tax or defined area or property.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.503. NOTICE OF HEARING. Notice of the time and place of the hearing and the proposition to be determined shall be

published once a week for two consecutive weeks in one or more newspapers with general circulation in the district. The first publication shall be made not less than 10 days before the day of the hearing set in the notice.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.504. CONDUCT OF HEARING. (a) At the hearing, any person who is a taxpayer in the district may appear and offer testimony to show which plan of taxation will be most conducive to equitable distribution of taxes.

(b) The hearing may be adjourned from day to day until all persons wishing to testify have been heard.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.505. ORDER. (a) The board shall adopt the plan of taxation which will, in its judgment under the evidence, be most conducive to the equitable distribution of the district's tax.

(b) If the plan adopted by the board is made under the provisions of Section 58.512 of this code, the order shall specify the proportion of the tax which falls under each designated classification.

(c) The order of the board is final and cannot be reviewed or questioned in any court except on the ground of fraud or palpable and arbitrary abuse of discretion.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.506. CHANGING TAX PLAN. If after a tax plan is adopted the directors find that the best interest of the district and the necessity to maintain adequately and equitably the district's tax requires a change in the tax plan, the board may give notice, hold a hearing, and determine a new plan in the manner provided in Sections 58.502-58.505 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.507. EFFECT OF SECTIONS 58.501-58.506 OF THIS CODE. Nothing in Sections 58.501-58.506 of this code shall be held to alter provisions of this chapter relating to districts which have contracts with the United States or to alter or impair the provisions of this code relating to taxes levied to provide local improvements to a defined area which do not affect the entire district.
Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.508. UNLIMITED AUTHORITY TO COLLECT SERVICE CHARGES AND TAXES. The provisions of this subchapter do not alter or impair the right of a district:

(1) to make, establish, and collect maintenance and operation charges for service rendered;

(2) to levy and collect taxes to secure funds to maintain, repair, and operate all works and facilities; and

(3) to give and maintain proper service for the purposes of its organization.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.509. LIEN CREATED; NO LIMITATION. Charges or assessments imposed by a district for maintenance and operation of works, facilities, and services of the district shall constitute a lien against the land to which the charges or assessments have been established. No law providing limitation against actions for debt shall apply.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1979, 66th Leg., p. 2321, ch. 841, Sec. 4(r), eff. Jan. 1, 1982.

Sec. 58.510. PURPOSE OF SECTIONS 58.511-58.529 OF CODE. The purpose of Sections 58.511-58.529 of this code is to give a district the flexibility of taxing power which will permit and cause the tax of the district to be equitably distributed and which

will give the highest practicable degree of service under the peculiar physical and economic conditions of the district. To this end, these sections shall be liberally and sympathetically construed.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.511. AUTHORITY TO ADOPT ALTERNATIVE PLANS OF TAXATION. A district operating under the provisions of Article XVI, Section 59, of the Texas Constitution, shall adopt a tax plan under the alternative provisions of Sections 58.512-58.529 of this code either at the time of its creation or before the appointment of commissioners of appraisal under this chapter.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.512. ALTERNATIVE PLANS OF TAXATION. (a) The district's taxes for all purposes, except to pay the cost of preliminary surveys, may be levied, assessed, and collected on an adopted basis to be chosen from the alternatives provided in this section.

(b) The district's tax plan may be based on any one of the following:

- (1) ad valorem basis;
- (2) benefit basis;
- (3) ad valorem basis to obtain a part or percentage of the total tax or to apply to a specific part of the district and benefit basis applied to the other part or percentage of the tax or to the remaining part of the district; or
- (4) either ad valorem or benefit basis on designated property or defined areas of the district to pay for improvements, facilities, or service peculiar to the defined part of the district and not generally and directly benefiting the district as a whole.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.513. ADOPTION OF PLAN OF TAXATION. (a) Except as

provided in Section 58.512(b)(4) of this code, before the commission of appraisal is appointed and the construction bonds are sold, the board shall adopt a proposed plan of taxation as provided in Sections 58.502-58.505 of this code.

(b) If the tax plan is not based wholly on the ad valorem basis or on the benefit basis, the order adopting the proposed plan shall specify the portion of the tax to be based on the ad valorem basis and the portion to be based on the benefit basis. The board also shall state the physical and economic reasons, the peculiar diverse local needs, or the comparative potential benefits of different areas of designated property in the district which make it necessary or equitable to levy all or part of the tax on a defined part of the district on the ad valorem or benefit basis.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.514. NOTICE OF ADOPTION OF PLAN AND HEARING. (a) After the tax plan is adopted, the board shall publish notice once a week for two consecutive weeks in one or more newspapers with general circulation in the county or counties in which the district is located.

(b) The notice shall state:

(1) that the tax plan has been adopted;

(2) that the plan is available for public inspection in the district's office;

(3) that a hearing on the plan will be held by the board at a specified place and at a particular time, which shall not be less than 15 days nor more than 20 days after the first publication of notice; and

(4) that all interested persons may appear and support or oppose all or part of the proposed tax plan and offer testimony.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.515. ORDER ADOPTING TAX PLAN. (a) After all persons have been heard, the board may approve the proposed tax plan or may change or modify the plan.

(b) The board shall adopt a tax plan which it considers, under the evidence before it, most equitably distributes the tax burden and conserves the public welfare.

(c) The board shall enter its order establishing the tax plan, and the plan shall become the basis for the assessment and collection of taxes until the district adopts a different plan.

(d) The order is not subject to judicial review except on the ground of fraud, palpable error, or arbitrary and confiscatory abuse of discretion.

(e) A new plan may be adopted if required to preserve equity of distribution in the manner provided for adopting the original plan; however, no change may be made in the tax plan which will impair the ability of the district promptly to meet all outstanding obligations of the district within the intent of Sections 58.464 and 58.467 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.516. OBTAINING FUNDS TO CONSTRUCT, ADMINISTER, MAINTAIN, AND OPERATE IMPROVEMENTS AND FACILITIES IN DEFINED PART OF DISTRICT. On adoption of the plan of taxation provided in Section 58.512(b)(4) of this code, the district, in the manner provided in Sections 58.517-58.523 of this code, may provide, pay for, maintain, and operate improvements, service, or facilities peculiar to a designated area or defined property which do not affect the whole district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.517. DEFINING AREA AND DESIGNATING PROPERTY TO BE BENEFITED BY IMPROVEMENTS; ADOPTING TAX PLAN. (a) The board shall define the particular area to be taxed by metes and bounds or designate the property to be served, affected, and taxed.

(b) The board shall adopt a plan for improvements in the defined area or to serve the designated property in the manner provided in Sections 58.440-58.441 of this code.

(c) The board shall adopt a plan of taxation to apply to the

defined area or designated property which may or may not be in addition to other taxes imposed by the district on the same area or property. The proportional tax or income contributions of the defined area or designated property and the proportional and equitable interest of the entire district shall be taken into consideration in imposing any tax to an area or piece of property.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.518. NOTICE AND HEARING. The board shall give notice and hold a hearing in the same manner and for the same purpose as provided in Sections 58.514-58.515 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.519. BOARD'S ORDER. At the hearing, if the board decides to define and serve the proposed separate tax area or separate designated property, it shall enter an order in the record, and if the proposal involves the issuance of bonds, the board shall call an election in the whole district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.520. PROCEDURE FOR ELECTION. (a) The election shall conform to the provisions of this code relating to an election to authorize the issuance of construction bonds.

(b) The board shall submit the appropriate issues to the electors, and the issues may be submitted on the same ballot to be used in another election.

(c) The notice of election shall define the area to be designated and the plan of taxation to be applied.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.521. ELECTION NOT REQUIRED IN SEPARATE ELECTION PRECINCT. If proposed improvements are considered to be required to promote the public welfare or if the owners of the land in a

defined area file a petition acknowledged as required for deeds requesting the district to provide improvements and assess a tax only in the defined area, it is not necessary to constitute the area a separate election precinct and have a separate election in that area.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.522. **BALLOTS.** The ballots for an election under this subchapter shall be printed to provide for voting for or against substantially the proposition: "Designation of the area, issuance of bonds, and levy of a tax to retire the bonds."

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.523. **DECLARING RESULT AND ISSUING ORDER.** If a majority of the electors approve the proposal, the board shall declare the result and, by order, shall establish the area and define it by metes and bounds or designate the specific property and shall fix the tax basis for the area or property. A certified copy of the order shall be recorded in the minutes of the district and shall constitute notice.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.524. **PLEDGE OF FAITH AND CREDIT.** If at an election the electors approve the issuance of bonds and the levy of a tax which applies only to a defined area, the district may issue bonds which pledge only the faith and credit based on the property values in the defined area; however, the district may pledge the full faith and credit of the entire district under the condition of authorization in Section [58.528](#) of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.525. **ELECTION IN SEPARATE ELECTION PRECINCT.** (a) If the improvements to be provided in a defined area are considered

peculiarly for the benefit of that area and not required to conserve the public or general welfare in the district as a whole, and if the proposed improvements in that area will require the imposition of a tax only on the property in the area, the defined area is constituted a separate election precinct in which a separate election shall be held to determine if the improvements will be provided and a separate tax levied.

(b) The election shall be held in the manner provided for issuance of bonds under this subchapter.

(c) If a majority of the electors in the defined area approve the propositions, the district shall provide money when necessary and shall provide the improvements and levy the tax.

(d) At an election in the defined area, each qualified elector of the district who owns property in the defined area may elect to vote in the area and not in the precinct of his residence. Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.526. ISSUANCE OF BONDS AND LEVY OF TAX FOR DEFINED AREA OR DESIGNATED PROPERTY. (a) After the order is recorded, the district may issue its bonds to provide the specific plant, works, and facilities included in the plans adopted for the area or to serve the property and shall provide the plant, works, and facilities.

(b) In the appropriate case, the board shall levy, assess, and collect taxes on the property located in the defined area or on the designated property in conformity with the adopted tax plan. Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.527. CONTRACT TO PROVIDE IMPROVEMENTS, FACILITIES, AND SERVICES TO DESIGNATED PROPERTY OR AREA. (a) Property or areas inside or outside the district may, by contract, be designated to obtain improvements, facilities, or service for the designated area or property.

(b) The designation shall be based on a written petition in conformity with the laws authorizing contracts by a petitioner or

person owning, controlling, or governing the property or area to be designated.

(c) The board may make the designation in a contract to provide, administer, maintain, and operate the desired improvements, facilities, or service for the designated area or property, and the designated area or property shall be subject to a tax lien in an amount to retire the obligations incurred by the district to provide the facilities, improvements, or service and to cover the expenses necessary to administer, maintain, and operate the improvements and facilities under the contract.

(d) The contract may not violate the law of this state or the United States and may not result in impairing a vested right or causing the district to fail to serve fully and permanently water demands in the district in the order of preference of uses.

(e) The contract may provide that one governing body may establish the contractual and statutory tax lien in behalf of the district and may levy, assess, and collect the tax for and on behalf of the district.

(f) The district may not issue bonds pledging the full faith and credit of the district under this section or under Section [58.517](#) of this code without submitting the proposition to the electors of the whole district under the provisions of this subchapter or under the provisions authorizing the issuance of construction bonds.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.528. AUTHORITY OF DISTRICT. (a) If a majority of the electors in the whole district approve the proposal, the district may issue its bonds to provide the plant, improvements, and facilities peculiar to the defined area or designated property or peculiar to a contract for services and may pledge the full faith and credit of the district to pay for the bonds.

(b) The district shall have a lien on the property in the defined area or on the designated property and may levy, assess, and collect or have levied, assessed, and collected taxes in the area or on the property to protect the district from or to compensate any

liability incurred on behalf of the defined area or designated property.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.529. ADMINISTRATIVE AUTHORITY OF BOARD. The board shall administer all business incident to the creation and operation of a defined area or service to designated property unless otherwise provided by contract.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

SUBCHAPTER L. TAXATION ON THE AD VALOREM BASIS

Sec. 58.561. ASSESSMENT OF DISTRICT PROPERTY. The assessor and collector shall assess all taxable property in the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.562. LAW GOVERNING PROPERTY SUBJECT TO TAXATION. The property subject to taxation in the district shall be determined by and governed by the Property Tax Code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1979, 66th Leg., p. 2321, ch. 841, Sec. 4(r), eff. Jan. 1, 1982.

Sec. 58.585. FINANCE LEDGER. (a) The board shall provide a finance ledger in which the assessor and collector shall be charged with the total assessment of property shown on the tax rolls.

(b) Credit shall be entered in the finance ledger of all collections paid to the depository.

(c) The finance ledger and the books and accounts of the assessor and collector shall be audited by the board semiannually on January 1 and July 1 of each year and at any other times ordered by the board.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1989, 71st Leg., ch. 1248, Sec. 73, eff.

Sept. 1, 1989.

SUBCHAPTER M. TAXATION ON THE BENEFIT BASIS

Sec. 58.631. METHOD OF TAXATION FOR DISTRICT UNDER CONTRACT WITH THE UNITED STATES. A district which is operated under contract with the United States may adopt the plan to levy and collect taxes on the benefit basis instead of the ad valorem basis and determine taxes under the provisions of Sections 58.632-58.634 of this code. Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.632. ASSESSMENT RECORD. When necessary, the board shall apportion and assess the benefits conferred on property subject to taxation in the district and shall make a record showing the amount and value of benefits to accrue on property in the district and the amount of taxes to be levied and collected on the property. No taxes assessed or adjudged against the property subject to taxation may be more than the benefit which accrues to the property from the organization, operation, and maintenance of the district and its improvements. Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.633. NOTICE OF TAXES. After the board makes the record, it shall mail to each property owner whose name appears in the record notice of the amount of taxes levied on his property and the date and place at which the property owner may appear and contest the correctness and equitableness of the tax. Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.634. DECISION AFTER HEARING. After the hearing, the board shall determine whether or not the tax is equitable and shall sustain, reduce, or increase the tax to an amount which in the board's judgment is equitable. The decision of the board is final. Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug.

29, 1977.

Sec. 58.635. METHOD OF TAXATION FOR DISTRICT NOT UNDER CONTRACT WITH THE UNITED STATES. If a district which is not operating under contract with the United States adopts the benefit basis plan for taxation, the levy, assessment, equalization of property values, and collection of taxes shall be made in the manner provided in Sections 58.636-58.648 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.636. COMMISSIONERS OF APPRAISEMENT. As soon as practicable after the approval of the engineer's report and the adoption of the plan for improvements to be constructed, the board shall appoint three disinterested commissioners of appraisement. The commissioners shall be freeholders but not owners of land within the district which they represent.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.637. COMPENSATION OF COMMISSIONERS. On approval by the board, each commissioner is entitled to receive \$25 a day for each day he actually serves, plus all necessary expenses.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.638. NOTICE OF APPOINTMENT AND MEETING. Immediately after the commissioners of appraisement are appointed, the secretary of the board shall give written notice to each appointee of his appointment and of the time and place of the first meeting of the commissioners.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.639. FIRST MEETING OF COMMISSIONERS. (a) The commissioners shall meet at the time specified in the notice from the secretary or as soon after that time as possible.

(b) At the meeting the commissioners shall take and subscribe an oath to discharge faithfully and impartially their duties as commissioners and make a true report of the work which they perform. They shall then organize by electing one commissioner as chairman and one commissioner as vice-chairman.

(c) The secretary of the board or, in his absence, a person appointed by the board shall serve as secretary to the commissioners of appraisement and shall furnish to the commissioners any information and assistance which is necessary for the commissioners to perform their duties.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.640. ASSISTANCE FOR COMMISSIONERS. Within 30 days after the commissioners qualify and organize, they shall begin to perform their duties, and in the exercise of their duties they may obtain legal advice and information relative to their duties from the district's attorney and, if necessary, may require the presence of the district engineer or one of his assistants at any time and for as long as necessary to properly perform their duties.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.641. VIEWING LAND AND OTHER PROPERTY AND IMPROVEMENTS IN DISTRICT. The commissioners shall view the land in the district which will be affected by the district's reclamation plans and shall assess the amount of the benefits and damages that will accrue to the irrigable land in the district from the construction of the improvement.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.642. COMMISSIONERS REPORT. (a) The commissioners shall prepare a report and file it with the secretary of the board. The report shall be signed by at least a majority of the commissioners.

(b) The report shall include:

(1) the name of the owner of each tract of land which is subject to assessment;

(2) a description of the property;

(3) the amount of the benefits or damages assessed on each tract of land;

(4) the time and place at which a hearing will be held on the report to hear objections; and

(5) the number of days each commissioner served and the actual expenses incurred during his service as commissioner.

(c) The day set in the report for the hearing may not be later than 20 days after the report is filed.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.643. NOTICE OF HEARING. (a) After the commissioners' report is filed, the secretary of the board shall publish notice of the hearing on the report at least once a week for two consecutive weeks in a newspaper published in each county in which part of the district is located. The secretary shall mail written notice of the hearing to each person whose property will be affected if his address is known.

(b) The notice shall state:

(1) the time and place of the hearing;

(2) that the commissioners' report has been filed;

(3) that interested persons may examine the report and make objections to it; and

(4) that the commissioners will meet at the time and place indicated to hear and act on objections to the report.

(c) On the day of the hearing, the secretary shall file in his office the original notice and his affidavit stating the manner of publication, the names of persons to whom notice was mailed, and the names of persons to whom notice was not mailed because the secretary by reasonable diligence could not ascertain their addresses. Copies of the notice and affidavit shall also be filed with the commissioners of appraisal and the clerk of the commissioners court.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug.

29, 1977.

Sec. 58.644. HEARING. (a) At or before the hearing on the commissioners' report, an owner of land that is affected by the report or the reclamation plans may file exceptions to all or part of the report.

(b) At the hearing, the commissioners shall hear and make determinations on the objections submitted and may make necessary changes and modifications in the report for objections which are sustained.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.645. WITNESSES AT THE HEARING. At the hearing, interested parties may appear in person or by attorney and are entitled, on demand, to have the chairman of the commissioners of appraisal issue process for witnesses. The commissioners shall have the same power as a court of record to enforce the attendance of witnesses.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.646. COSTS OF HEARING. The commissioners may adjudge and apportion the costs of the hearing in any manner they consider equitable.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.647. COMMISSIONERS' DECREE. (a) After the commissioners have made a final decision, they shall issue a decree confirming their report insofar as it remains unchanged and shall approve and confirm changes in the report.

(b) The final decree and judgment of the commissioners shall be entered in the minutes of the board, and certified copies shall be filed with the county clerk of each county in which part of the district is located and shall be notice to all persons of the contents and purpose of the decree.

(c) The findings of the commissioners which relate to benefits and damages to irrigable land in the district are final and conclusive.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1989, 71st Leg., ch. 1248, Sec. 74, eff. Sept. 1, 1989.

Sec. 58.648. EFFECT OF FINAL JUDGMENT AND DECREE. The final judgment and decree of the commissioners shall form the basis for all taxation in the district. Taxes shall be apportioned and levied on each tract of irrigable land in the district in proportion to the net benefits to the land stated in the final judgment and decree.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.649. FIXING TAX AS EQUAL SUM ON EACH ACRE. At the election at which the plan of taxation is determined or at any other time before the bonds are issued, the voters of any district operating under the provisions of Article XVI, Section 59, of the Texas Constitution, may vote on the proposition of whether or not benefits for tax purposes shall be fixed as an equal sum on each acre of land that is irrigated or to be irrigated by gravity flow from the canal system of the district. The benefit per acre shall be voted on as it is applied to land in the district that can be irrigated by gravity flow from the irrigation system, and also the benefit to land in the district that cannot be irrigated by gravity flow.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.650. ELECTION. (a) If the board desires to submit the question of whether or not to adopt the method of assessing benefits provided in Section 58.649 of this code, it shall order an election to be held in the district and shall submit the proposition in the manner provided for other district elections.

(b) The ballots for the election shall be printed to provide for voting for or against the proposition: "Uniform assessment of

benefits of \$_____ per acre on all irrigable land in the district."

(c) The board shall determine the amounts to fill the space in the proposition. The amount of charge per acre may be found by dividing the number of acres of land into the amount of debt to be incurred by the district in providing for irrigation.

(d) If a majority of the persons voting in the election vote in favor of the proposition, it shall be adopted.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.651. SETTING ANNUAL VALUE OF LAND UNNECESSARY. If the district adopts the uniform acreage valuation for taxation, the valuation shall be applied to all irrigable land in the district, and it is not necessary to annually fix the value of the land. It is also unnecessary for the board to appoint a commission to ascertain or fix the value of the improvement to particular land.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1979, 66th Leg., p. 2321, ch. 841, Sec. 4(r), eff. Jan. 1, 1982.

Sec. 58.652. PREPARING TAX ROLLS. (a) The board shall examine the tax rolls to determine if all property subject to taxation appears on the tax rolls. The board shall add to the tax roll any property which was left off and shall examine, correct, and certify the tax roll.

(b) Any property owner may protest to the board that his property has not been properly classified. The board shall consider the protest and enter its findings in the minutes in the manner provided by law.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1979, 66th Leg., p. 2321, ch. 841, Sec. 4(r), eff. Jan. 1, 1982.

Sec. 58.653. RENDITION OF PROPERTY. Land which is taxed on the uniform acreage valuation shall be rendered for taxation as subject to irrigation. When land is rendered, the value need not be stated, and it is unnecessary for the person rendering the property

to include the value of the land in an affidavit or for the assessor and collector to set a value on the land.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.654. LAW GOVERNING ADMINISTRATION OF BENEFIT TAX PLAN. In a district that levies taxes on a benefit basis, the rate of taxation and the assessment and collection of taxes shall be governed by the law relating to ad valorem taxes to the extent applicable.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1979, 66th Leg., p. 2321, ch. 841, Sec. 4(r), eff. Jan. 1, 1982.

Sec. 58.655. IRRIGATING NONIRRIGABLE LAND. If land which is classified as nonirrigable is later irrigated by the district, before the owner of the land receives the water, he shall pay to the district an amount equal to the entire amount that would have been charged to the owner if the land had been originally classified as irrigable.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

SUBCHAPTER N. ADDING AND EXCLUDING TERRITORY AND CONSOLIDATING DISTRICTS

Sec. 58.702. EXCLUSION OF NONAGRICULTURAL AND NONIRRIGABLE LAND FROM THE DISTRICT. After the district is organized, acquires facilities with which to function as an irrigation district, and votes, issues, and sells bonds for the purposes for which the district was organized, land within the district subject to taxation which is not agricultural land or cannot be irrigated in a practicable manner may be excluded from the district by complying with the provisions of Sections 58.703-58.713 of this code. The land may also be excluded pursuant to the provisions contained in either Chapter 119, Acts of the 47th Legislature, Regular Session, 1941, as amended, or Chapter 86, Acts of the 62nd Legislature,

Regular Session, 1971, in the same manner as if the district was a water control and improvement district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.703. PREREQUISITE TO APPLICATION FOR EXCLUSION. The owner of land in the district which is not agricultural land or cannot be irrigated in a practicable manner may apply for its exclusion from the district if all taxes levied and assessed by the district on the land to be excluded have been fully paid, including all bond tax and flat water rate assessment.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.704. SUBSTITUTING LAND OF EQUAL ACREAGE AND VALUE. Land which can be irrigated in a practicable manner of at least equal acreage and equal value to the land being excluded must be added to the district simultaneously with the exclusion of the nonagricultural or nonirrigable land.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.705. SECURING APPLICATION TO SUBSTITUTE LAND. The board may require an owner of land in the district who has applied for the exclusion of his nonagricultural or nonirrigable land from the district to procure an application of the owner of land adjoining the boundaries or the canals of the district, and capable of being irrigated in a practicable manner from the facilities of the district, for inclusion in the district of his land in an amount and value at least equal to the land which is to be excluded under the application of the owner of nonagricultural or nonirrigable land. Each application shall set forth the facts concerning the land to be excluded from and the land to be added to the district, including evidence of their reasonable market value.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.706. APPLICATION OF OWNER OF NEW LAND TO BE SUBSTITUTED. The owner of the new land to be added shall submit an application setting forth that the owner of the new land assumes the payment of all taxes to be levied on his land by the district after the date the land is added to the district. The application also shall set forth an agreement by the owner of the new land that the land will be subject to future taxes for bond tax and flat rate and all other assessments levied and assessed by the district as though the land had been incorporated originally in the district. The application also shall contain an agreement by the owner of the new land that the land will be subject to the same liens and provisions as all other land in the district and subject to the statutes governing all other land in the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.707. CONSENT OF OUTSTANDING BONDHOLDERS. (a) The board shall communicate the contents of the applications to exclude nonagricultural or nonirrigable land and to include an equal amount of irrigable land to the holders of outstanding bonds voted, issued, sold, and delivered by the district and payable from taxes levied on property in the district.

(b) If the consent in writing of 95 percent or more of the bondholders to the plan is filed with the board, the board may hold a hearing on the applications.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.708. NOTICE OF HEARING ON APPLICATIONS. The board shall give notice of the hearing on the applications by publishing the time, place, and nature of the hearing one time in a newspaper published in a county in which all or part of the district is located. The newspaper must have been published regularly for more than 12 months preceding the date of the publication of the notice and must have circulation in the district. The notice shall be published not less than 10 days nor more than 20 days before the date of the hearing.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.709. HEARING PROCEDURE. The board shall hear all interested parties and all evidence in connection with the applications.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.710. BOARD'S RESOLUTION TO SUBSTITUTE LAND. If the board finds that all the conditions provided for the exclusion of land and inclusion of other land in the district exist, it may adopt and enter in its minutes a resolution to exclude land which is nonagricultural or nonirrigable in a practicable manner and include land which may be irrigated from the facilities of the district in a practicable manner.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.711. LIABILITY OF EXCLUDED AND INCLUDED LAND. The land excluded from the district is free from any lien or liability created on the excluded land by reason of its having been included in the district. Land added to the district is subject to all laws, liens, and provisions governing the district and the land in the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.712. DUTY TO ADVISE COMMISSION. The board shall furnish the commission a detailed description of the land excluded and a detailed description of the land included within 30 days after the exclusion and inclusion of land under the provisions of Sections 58.702-58.711 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1981, 67th Leg., p. 961, ch. 367, Sec. 1, eff. June 10, 1981.

Sec. 58.713. RIGHT TO SERVE NEW LAND INCLUDED IN DISTRICT. The district has the same right to furnish water service to the included land that it previously had to furnish service to the excluded land. The mere inclusion of a larger total acreage than that excluded does not give the district the right to irrigate a larger total acreage or to appropriate a larger quantity or volume of public water for irrigation than the district would have had the right to irrigate or to appropriate before the exclusion and inclusion of the land.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.726. CONSOLIDATION OF DISTRICTS. Two or more districts governed by the provisions of this chapter may consolidate into one district as provided by Sections 58.727-58.730 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.727. ELECTIONS TO APPROVE CONSOLIDATION. (a) After the directors of each district have agreed on the terms and conditions of consolidation, they shall order an election in each district to determine whether the districts should be consolidated.

(b) The directors of each district shall order the election to be held on the same day in each district and shall give notice of the election for at least 20 days in the manner provided by law for other elections.

(c) The districts may be consolidated only if the electors in each district vote in favor of the consolidation.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.728. GOVERNING CONSOLIDATED DISTRICTS. (a) After two or more districts are consolidated, they become one district, except for the payment of debts created before consolidation, and are governed as one district.

(b) During a period of 90 days after the date of the election

to approve consolidation, the officers of each district shall continue to act jointly as officers of the original districts to wind up the affairs of their respective districts.

(c) The consolidation agreement may provide that the officers of the original districts shall continue to act jointly as officers of the consolidated district until the next general election or name persons to serve as officers of the consolidated district until the next general election if all officers of the original districts agree to resign.

(d) New officers of the consolidated district must qualify as officers of the district within the period of 90 days after the election and shall assume their offices at the expiration of the 90-day period.

(e) The current board shall approve the bond of each new officer.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.729. DEBTS OF ORIGINAL DISTRICTS. After two or more districts are consolidated, the debts of the original districts are protected and are not impaired. These debts may be paid by taxes or assessments levied on the land in the original districts as if they had not consolidated or contributions from the consolidated district on terms stated in the consolidation agreement.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.730. ASSESSMENT AND COLLECTION OF TAXES. After consolidation, the officers of the consolidated district shall assess and collect taxes on property in the original district to pay debts created by the original district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.731. EXCLUSION OF CERTAIN NONIRRIGATED LAND. The board may exclude from the district land that is not being irrigated as provided by Sections [51.759](#) through [51.766](#). This section

applies only to land that is eligible for exclusion under Section 51.759.

Added by Acts 1995, 74th Leg., ch. 42, Sec. 3, eff. Aug. 28, 1995.

SUBCHAPTER O. DISSOLUTION OF DISTRICT

Sec. 58.781. DISSOLUTION OF DISTRICT PRIOR TO ISSUANCE OF BONDS. (a) If the electors of a district reject the proposal to issue construction bonds by a constitutional or statutory majority vote, the board must dissolve the district and liquidate the affairs of the district as provided in Sections 58.781-58.792 of this code.

(b) Subject to the provisions of Subchapter G of Chapter 50 of this code, if a district finds at any time before the authorization of construction bonds or the final lending of its credit in another form that the proposed undertaking for any reason is impracticable or apparently cannot be successfully and beneficially accomplished, the board may issue notice of a hearing on a proposal to dissolve the district.

(c) Subject to the provisions of Subchapter G of Chapter 50 of this code, if 20 percent of the qualified voters of a district petition the board for a hearing on a proposal to dissolve the district and deposit with the board an amount estimated to cover the actual cost of giving notice and holding the hearing, the board shall publish notice of the hearing within 10 days and shall hold the hearing within 40 days after the filing of the petition, as provided in Sections 58.782-58.785 of this code. If the finding is against the petition, the deposit shall be applied to pay the cost of giving notice and holding the hearing.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.782. NOTICE OF HEARING. The board shall post notice of the hearing on the bulletin board at the courthouse door of each county in which the district is located and at three or more other public places within the boundaries of the district. The notice must be posted at least 10 days before the hearing on the proposed

dissolution of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.783. HEARING. The board shall hear all interested persons and shall consider their evidence at the time and place stated in the notice.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.784. BOARD'S ORDER TO CONTINUE OR DISSOLVE DISTRICT. The board shall determine from the evidence whether the best interests of the persons, land, and property in the district will be promoted by prosecuting the district's plans or whether the best interests of the persons and property in the district will be served by dissolving the district, and the board shall enter the appropriate findings and order in the record.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.785. JUDICIAL REVIEW OF BOARD'S ORDER. The board's decree to continue or to dissolve the district shall be final and cannot be judicially reviewed except on the ground of fraud, palpable error, or gross abuse of discretion.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.786. APPOINTMENT OF TRUSTEE. (a) If the board orders the dissolution of the district, it shall appoint a director or some other competent person as trustee to close the affairs of the district as soon as practicable.

(b) The board shall determine the term of service and the amount of compensation for the trustee.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.787. DISCHARGE OF DISTRICT'S OBLIGATIONS BY

TRUSTEES. (a) The trustee shall reduce all assets and resources of the district to possession and money and apply them to discharge the outstanding obligations of the district, having regard to specific funds.

(b) If required, the board shall levy, assess, and collect sufficient additional taxes to pay all necessary expenses and outstanding obligations of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.788. DISCHARGE OF TRUSTEE. The trustee shall be discharged when all obligations of the district are paid and the trustee's account is verified and settled.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.789. FINAL ORDER OF DISSOLUTION. After all obligations are paid and the trustee is discharged, the board shall enter its final order of dissolution and record the final order in the deed records of the county or counties in which the district is located.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.790. WATER RIGHTS OF DISSOLVED DISTRICT. Water rights held from the state shall revert to the state and may not be assigned by the district in anticipation of dissolution.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.791. TAXES IN EXCESS OF DISTRICT'S OBLIGATIONS. (a) If taxes have been collected by the dissolved district in excess of the amount required to liquidate the obligations of the district, the excess shall be paid ratably to the county treasurer or treasurers of the county or counties in which the district was located.

(b) The commissioners courts shall credit the money

received from the dissolved district to the interest and sinking fund for any outstanding county bonds. If the county has no outstanding bonds, the money may be applied as the commissioners court lawfully directs.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.793. DISSOLUTION OF DISTRICT FOR FAILURE TO COMPLETE PLANT. Subject to the provisions of Subchapter G of Chapter 50 of this code, if a district has not within 10 years from the date of its creation commenced and completed the construction of a plant and improvements to carry out the purposes of its creation in accordance with the plans adopted by the district, the board may enter a resolution in its minutes to dissolve the district under the provisions of Sections 58.794-58.828 of this code. After compliance with these provisions, a vote of the electors of the district, and the payment of its valid, enforceable indebtedness, the district may be dissolved.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.794. RESOLUTION TO DISSOLVE DISTRICT. The board shall find in its resolution to dissolve the district that the plans of the district are impracticable or that the purposes of the district should be abandoned and shall state the reasons for the finding.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.795. STATEMENTS OF INDEBTEDNESS AND EXPENSES. The board shall prepare or have prepared and shall approve a statement of all valid, enforceable indebtedness of the district and shall enter the statement in the minutes. The board shall prepare or have prepared an estimate of all expenses incurred or to be incurred in the dissolution of the district and in the collection of sufficient taxes to pay all valid, enforceable indebtedness of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug.

29, 1977.

Sec. 58.796. ELECTION TO APPROVE DISSOLUTION OF DISTRICT AND ISSUANCE OF DISSOLUTION BONDS. The board shall enter an order calling an election to determine whether or not the district shall be dissolved and bonds issued to pay the district's indebtedness and estimated expenses.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.797. MAXIMUM AMOUNT, INTEREST RATE, AND MATURITY OF BONDS. The maximum amount of bonds to be voted on and issued shall not be more than the total amount of the approved valid, enforceable indebtedness and the estimate of expenses, exclusive of the estimated cost of collection of taxes. The maximum amount of bonds, exclusive of interest and expenses of collection, to be issued for fees and expenses of dissolution of the district shall not be more than an amount equal to \$2 times the number of acres in the district. The bonds shall mature serially over a period of not more than seven years.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.798. NOTICE OF ELECTION. (a) The president and secretary of the board shall issue notice of the election, stating:

(1) the findings of the board with reference to the dissolution of the district;

(2) the amount of bonds to be issued;

(3) the interest rate on the bonds; and

(4) the time and place of the election.

(b) The notice also shall contain a statement of the estimates and the expenses incurred and to be incurred in the dissolution of the district and the collection of taxes for the payment of the bonds and shall state that the bonds will be payable by the levy of taxes on the taxable property in the district in proportion to the values of the property as provided in Section [58.804](#) of this code.

(c) The notice shall be published once a week for two consecutive weeks in a newspaper with general circulation in the county or counties in which any part of the district is located. The first publication shall be at least 14 days before the day of the election.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.799. PROCEDURE FOR HOLDING ELECTION. (a) The ballots for the election shall be printed to provide for voting for or against the proposition: "Dissolution of the district and issuance of dissolution bonds and the levy of taxes for the payment of the bonds."

(b) The election shall be conducted and returns made and canvassed according to the provisions in this chapter for construction bond elections.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.800. ISSUANCE AND SALE OF DISSOLUTION BONDS. (a) If a majority of the electors at the election vote in favor of the dissolution of the district and the issuance of bonds and the levy of taxes for the payment of the bonds, the board shall issue and sell the bonds or any part of them. The bonds shall be known as "dissolution bonds."

(b) The board may deliver the dissolution bonds or any part of them in satisfaction of the valid, enforceable indebtedness of the district for which the bonds are issued, or in payment of expenses incurred or to be incurred in connection with the dissolution of the district, or in payment of services rendered or to be rendered to the district.

(c) The dissolution bonds shall be:

(1) serially numbered, commencing with the first maturities;

(2) issued in the name of the district;

(3) signed by the president; and

(4) attested by the secretary, with the seal of the

district attached.

(d) The board shall determine the maturities of the bonds not to exceed seven years from their date, the denominations of the bonds, and the interest.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.801. DESTROYING UNSOLD BONDS. If a majority of the electors at the election vote in favor of the dissolution of the district, the board shall destroy all unsold bonds of the district and enter an order cancelling all unissued and unsold bonds authorized by the electors. After the destruction and the entry of the order, the bonds shall have no further force or effect.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.802. BOARD'S AUTHORITY TO CONTRACT. The board may contract with trustees, engineers, attorneys, and others it considers necessary or desirable to properly liquidate and wind up the affairs of the district. The board also may assume obligations made by others for the benefit of the district, or from which the district benefited, which in its judgment may be fair and equitable.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.803. TAX TO PAY DISSOLUTION BONDS. The order issuing the dissolution bonds shall provide that the principal of and interest on the bonds shall be payable from the proceeds of a tax to be levied on the taxable property located in the district. The tax shall be in an amount sufficient for the payment of the principal and interest.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.804. DETERMINING AMOUNT OF TAX. (a) The value of all of the taxable property of the district shall be taken at the

assessed value, and an amount equal to the total of the principal and all interest to maturity on the bonds voted plus the estimated cost of collection of taxes shall be assessed against the taxable property of the district on the ad valorem basis.

(b) The tax against the taxable property of each owner shall be that portion of the total principal and interest of the dissolution bonds and costs of collection which the assessed value of the taxable property of the owner bears to the total assessed values in the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1979, 66th Leg., p. 2321, ch. 841, Sec. 4(r), eff. Jan. 1, 1982.

Sec. 58.805. PAYMENT OF TAX. The amount of the tax on the taxable property of each owner shall be payable in equal annual installments, during the period in which the bonds mature, on dates specified in the order issuing the bonds.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.806. ADVANCE PAYMENT OF TAXES IN CASH. The order issuing the bonds shall provide that a property owner may secure release of the entire amount of his taxable property as assessed on the rolls from the tax levied for the dissolution bonds by the payment in cash of the full amount of tax.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.807. COMPUTING AMOUNT OF ADVANCE CASH PAYMENT. (a) In order to compute the full amount of an advance cash payment, the interest rate on the bonds shall be applied on an annual basis to each unpaid installment of taxes for the number of years the installment of taxes must run before being due. The total of the items computed shall be deducted from the face amount of the unpaid installment of taxes.

(b) In order to compute the full amount of an advance cash payment, the interest rate on the bonds shall be applied on an

annual basis to each unpaid past-due installment of taxes for the number of years the installment has been past due, and 10 percent of the face amount of each installment that is past due shall be added as a penalty. The total of the items computed shall be added to the unpaid installments.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.808. SURRENDER OF BONDS IN PAYMENT OF TAXES. The order issuing the bonds shall provide that any of the bonds with all unmatured interest and all appurtenant coupons may be surrendered at any time in payment of all unpaid installments of the taxes. The amount of taxes found to be due by the method provided in Section 58.809 of this code may be discharged by the surrender of the proper amount of dissolution bonds, together with all unpaid appurtenant interest coupons at the face value of the bonds and coupons.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.809. COMPUTING AMOUNT OF PAYMENT MADE BY SURRENDERING BONDS. (a) In order to compute payment by surrendering bonds, the interest rate on the bonds shall be applied on an annual basis to each unpaid installment of taxes for the number of years the installment must run before being due. The total of the items computed shall be deducted from the face amount of the unpaid installments of taxes.

(b) In order to compute payment by surrendering bonds, the interest rate on the bonds shall be applied to each unpaid installment of taxes for the number of years the installment has been past due and 10 percent of the face amount of each installment of taxes that is past due shall be added as penalty. The total of the items computed shall be added to the face amount of each unpaid installment of taxes.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.810. USE BY TRUSTEE OF ADVANCE PAYMENTS OF TAX. The

order issuing the bonds shall provide that the bonds shall be called and redeemed by the trustee in the inverse order of their maturity and in the inverse order of their serial numbers. They shall be paid out of any funds received in advance payment of taxes that are not required for meeting any past-due and unpaid principal and interest or the next maturing installment of principal and interest.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.811. APPROVAL AND REGISTRATION OF DISSOLUTION BONDS. After the dissolution bonds are issued by the board and before they are put in circulation, the bonds, at the option of the board, shall either be submitted to and approved by the attorney general and registered by the comptroller as provided in Sections 58.446-58.448 of this code or be validated by suit as provided in Sections 58.453-58.461 of this code. The provisions of these sections of this code which are not inconsistent with the provisions of this subchapter are applicable to the dissolution bonds provided for in this subchapter.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.812. PREPARING TAX ROLL. Before the issuance and delivery of the bonds, a tax roll shall be prepared in the manner provided by the Property Tax Code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1979, 66th Leg., p. 2321, ch. 841, Sec. 4(r), eff. Jan. 1, 1982.

Sec. 58.814. NOTICE OF MEETING AS BOARD OF EQUALIZATION. (a) After the tax roll has been filed for at least five days, the board shall publish a notice once a week for two consecutive weeks in a newspaper with general circulation in the county or counties in which any part of the district is located. The first publication shall be at least 14 days before the meeting of the board of equalization.

(b) The notice shall call attention to the filing of the tax roll and the name and place or places where the tax roll is filed and available for inspection, and shall notify all interested persons of the time and place of the meeting of the board for the purpose of acting as a board of equalization to examine, correct, equalize, appraise, and approve the valuations of the taxable property of the district and improvements on taxable property as set forth in the tax roll.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.815. MEETING AS BOARD OF EQUALIZATION. At the time and place stated in the notice, the board shall meet and examine the tax roll. The board shall equalize as nearly as possible the value of all property for taxation and fix the value of all property for taxation.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.816. AUTHORITY AND PROCEDURE AS BOARD OF EQUALIZATION. (a) Any interested person may appear at the meeting and offer evidence for or against any matter being considered by the board of equalization. The board may send for persons and papers, and may administer oaths to persons who testify before the board, and may ascertain the full true value of all property subject to taxation.

(b) The board may lower or raise the valuation of all property listed on the tax roll and place property on the roll which did not appear on it. The board shall correct any errors of assessment and equalize the value of property appearing on the roll.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.817. APPROVING TAX ROLL. After the board of equalization finally fixes the valuation of all taxable property in the district and the tax roll of the district is finally prepared,

the board shall meet and consider the tax roll, make all necessary corrections in the tax roll, and endorse its approval on the roll. Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.818. APPROVED TAX ROLL NOT SUBJECT TO REVISION. The action of the board in finally approving the tax roll is final and is not subject to revision by the board or any other tribunal. Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.820. COLLECTION OF DISSOLUTION TAXES. The county assessor and collector shall collect the taxes shown on the tax roll on the land located in the county for which he is assessor and collector. Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1979, 66th Leg., p. 2321, ch. 841, Sec. 4(r), eff. Jan. 1, 1982.

Sec. 58.821. APPOINTMENT OF TRUSTEE. (a) Before the issuance and delivery of dissolution bonds, the board shall appoint a trustee of the funds to be collected from the taxes. The trustee shall be an individual or a bank or trust company in the county or one of the counties in which the district is located.

(b) The board may determine the powers, rights, duties, liabilities, and other matters relating to the trusteeship and the appointment of successor trustees which the board considers proper to effectuate the purpose of the trusteeship.

(c) The board may determine the bond to be given by the trustee and the amount to be paid to the trustee from the funds collected from the taxes.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.822. AUTHORITY OF THE TRUSTEE. The trustee shall receive from the assessor and collector all proceeds from the assessments less the assessor and collector's charges and shall be

the paying agent of the district for the bonds. The bonds shall be payable at the place of business of the trustee. The trustee shall be authorized by the order providing for the issuance of the bonds to institute suits in the name of the district for the use and benefit of the holders of the bonds and to apply all sums of money recovered in the suits to the payment of the bonds.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.825. DEFAULT IN PAYMENT OF TAX INSTALLMENT. (a) Default in the payment of an installment of taxes levied for the payment of dissolution bonds for 60 days after the installment becomes due and payable as provided by the board shall, at the option of the board or the trustee, immediately mature the remaining installments and cause the entire amount of the taxes to immediately become due and payable.

(b) The trustee shall bring suit for the collection of the entire amount of the taxes and for the foreclosure of the lien securing the payment of the taxes.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.826. PENALTY AND ATTORNEY'S FEE. (a) A penalty of 10 percent of the unpaid amount of taxes shall accrue immediately on default of payment of taxes after the 60 days.

(b) An attorney's fee of 10 percent of the unpaid amount of the taxes is due and payable immediately on institution of suit for collection and foreclosure.

(c) The penalty and attorney's fee shall be recovered in the suit and shall constitute an addition to the taxes and shall be secured by the tax lien.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.827. DISCHARGE OF LIEN. (a) On the final payment of the taxes, either the assessor and collector or the trustee shall issue a certificate certifying that the taxes have been fully

satisfied and the lien is released.

(b) The execution and acknowledgment of the certificate and the recording of the certificate in the deed records of the county in which the property is located shall be full and conclusive evidence of the discharge of the taxes and liens.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.828. DISTRICT CONSIDERED DISSOLVED. (a) On the issuance and sale or delivery of the dissolution bonds and the appointment and qualification of the trustee, the secretary shall deposit all available existing records of the district in the office of the county clerk of the county or one of the counties in which the district is located.

(b) The district immediately is considered dissolved for all purposes, except that the taxes levied against the taxable property may be enforced in the name of the district on behalf of the bondholders by the trustee or his successors. The surviving board may meet from time to time until the dissolution bonds are paid and discharged and may delegate its powers and give instructions to the trustee or his successors as the board sees fit and circumstances warrant. After the payment of all dissolution bonds, interest, and costs of collection the board shall be dissolved.

(c) The board or the trustee if the board transfers the duty to the trustee shall give notice to the county clerk that all dissolution bonds, interest, and costs of collection have been paid. The clerk shall notify the director and librarian of the Texas State Library and arrange for the transfer of the records of the district to the custody of the Texas State Library and Archives Commission.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1989, 71st Leg., ch. 1248, Sec. 75, eff. Sept. 1, 1989.

Sec. 58.829. DISSOLUTION OF DISTRICT IN COUNTIES OF LESS THAN 11,000 POPULATION. Subject to the provisions of Sections

50.251-50.256 of this code, a district located entirely in a county having a population of less than 11,000, according to the last preceding federal census, may be abolished by a majority vote of those entitled to vote and voting at an election held for the purpose of determining whether or not the district should be dissolved.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.830. PETITION FOR DISSOLUTION OF DISTRICT. A petition for the dissolution of the district shall be filed with the board and shall state the name of the district and the purpose for which the election is requested. The petition may refer to the order establishing the district for boundaries, limits, and area of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.831. SIGNATURES ON PETITION. A petition for dissolution of the district may be signed and filed in two or more copies. The petition shall be signed by a majority in number of the property owners with land in the district and the property owners of a majority in value of the land in the district, as shown by the tax rolls of the district, or 50 landowners if the number of landowners in the district is more than 50.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.832. PROCEDURE FOR HOLDING ELECTION. (a) An election to determine whether or not the district shall be dissolved shall be held in accordance with the provisions of Subchapter E of this chapter.

(b) The ballots for the election shall be printed to provide for voting for or against the proposition: "The dissolution of district."

(c) The returns of the election shall be canvassed and the result declared by the board. The board shall enter an order in its

minutes declaring the result of the election, which order shall be made and entered in accordance with Section 58.034 of this code. The order shall be filed in the office of the county clerk and recorded in the deed records of the county as provided in Section 58.034 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.833. ELECTION IN DISTRICT INCLUDING CITY, TOWN, OR MUNICIPAL CORPORATION. In an election to dissolve a district in which a city, town, or municipal corporation is located, the city, town, or municipal corporation shall be a separate voting precinct, and the ballots cast in the city, town, or municipal corporation shall be counted and canvassed to show the result of the election there. If the city, town, or municipal corporation votes against the dissolution of the district and the balance of the district votes for the dissolution of the district, the district shall be dissolved.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.834. SUBSEQUENT ELECTION. If the proposition to dissolve the district fails to carry at the election held for that purpose, no other election for the same purpose shall be held within one year after the date of the election.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.835. DISTRICT DISSOLVED. If a majority of those voting at the election vote in favor of dissolving the district, the district shall be dissolved and shall have no further authority after the election, except that any debts incurred shall be paid and the organization shall be maintained until all the debts are paid.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.836. TAXES TO PAY INDEBTEDNESS AFTER DISSOLUTION.

If a district has outstanding bonds or other indebtedness maturing beyond the current year in which the dissolution occurs, the commissioners court of the county in which the district is located shall levy and have collected, as county taxes are assessed and collected, sufficient taxes on all taxable property in the district to pay the principal of and interest on the bonds and other indebtedness when due.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.