

PRELIMINARY DRAFT

TEXAS LEGISLATIVE COUNCIL  
Special District Local  
Laws Code  
Chapter 11018  
1/6/25

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2 CHAPTER 11018. GULF COAST WATER AUTHORITY

3 SUBCHAPTER A. GENERAL PROVISIONS

4 Revised Law

5 Sec. 11018.0101. DEFINITIONS. In this chapter:

6 (1) "Authority" means the Gulf Coast Water Authority.

7 (2) "Board" means the authority's board of directors.

8 (3) "Director" means a board member. (Acts 59th Leg.,  
9 R.S., Ch. 712, Sec. 1 (part); New.)

10 Source Law

11 Sec. 1. . . . [District] . . . to be known as  
12 the Gulf Coast Water Authority, hereinafter referred  
13 to as "District," . . . .

14 Revisor's Note

15 (1) Although Chapter 712, Acts of the 59th  
16 Legislature, Regular Session, 1965, refers to the  
17 authority as the "District," throughout this chapter  
18 the revised law uses the term "authority" rather than  
19 "district" to more closely conform to the name of the  
20 authority.

21 (2) The definitions of "board" and "director"  
22 are added to the revised law for drafting convenience  
23 and to eliminate frequent, unnecessary repetition of  
24 the substance of the definitions.

25 Revised Law

26 Sec. 11018.0102. NATURE OF AUTHORITY. The authority is:

27 (1) a conservation and reclamation district under  
28 Section 59, Article XVI, Texas Constitution; and

29 (2) a municipal corporation. (Acts 59th Leg., R.S.,  
30 Ch. 712, Secs. 1 (part), 9 (part), 11 (part).)

31 Source Law

32 Sec. 1. Under and pursuant to the provisions of  
33 Section 59 of Article XVI, Constitution of Texas, a  
34 Conservation and Reclamation District is hereby  
35 created and incorporated, . . . which shall be a  
36 governmental agency and body politic and corporate and  
37 a municipal corporation.



1 improvements that the District will purchase,  
2 construct or otherwise acquire; and that the District  
3 is created to serve a public use and benefit; and  
4 . . . .

5 Revisor's Note

6 Section 11, Chapter 712, Acts of the 59th  
7 Legislature, Regular Session, 1965, states that the  
8 legislature "hereby exercises the authority conferred  
9 upon it by Section 59 of Article XVI, Constitution of  
10 Texas, and declares that" the authority "created by  
11 this Act" is essential to accomplish the purposes of  
12 that constitutional provision. The revised law omits  
13 the quoted language as executed.

14 Revised Law

15 Sec. 11018.0104. AUTHORITY TERRITORY. (a) The authority  
16 is composed of the territory described by Subsection (b) as that  
17 territory may have been modified under:

- 18 (1) Subchapter J, Chapter 49, Water Code;  
19 (2) Subchapter H, Chapter 54, Water Code; or  
20 (3) other law.

21 (b) The authority's territory is coextensive with the  
22 boundaries of Brazoria, Fort Bend, and Galveston Counties. (Acts  
23 59th Leg., R.S., Ch. 712, Sec. 2; New.)

24 Source Law

25 Sec. 2. The District's territory is coextensive  
26 with the boundaries of Brazoria, Fort Bend, and  
27 Galveston Counties.

28 Revisor's Note

29 The revision of the law governing the authority  
30 revises the statutory language describing the  
31 authority's territory. Because the authority's  
32 boundaries are subject to change, that description may  
33 not be accurate on the effective date of the revision  
34 or at the time of a later reading. For the reader's  
35 convenience, the revised law includes a reference to:

- 36 (1) the statutory authority to change the  
37 authority's territory under:

1 (A) Subchapter J, Chapter 49, Water  
2 Code, applicable to the authority under Sections  
3 49.001 and 49.002 of that code; and

4 (B) Subchapter H, Chapter 54, Water  
5 Code, applicable to the authority under Section 3,  
6 Chapter 712, Acts of the 59th Legislature, Regular  
7 Session, 1965, revised in part as Section 11018.0303  
8 of this chapter; and

9 (2) the legislature's general authority to  
10 enact other laws under which the authority's territory  
11 may be changed.

12 SUBCHAPTER B. BOARD OF DIRECTORS; ADMINISTRATIVE PROVISIONS

13 Revised Law

14 Sec. 11018.0201. MEMBERSHIP OF BOARD. (a) The board  
15 consists of 10 directors appointed as follows:

16 (1) five directors appointed by the Galveston County  
17 Commissioners Court, one of whom represents municipal interests,  
18 two of whom represent industrial interests, and two of whom  
19 represent the county at large;

20 (2) two directors appointed by the Fort Bend County  
21 Commissioners Court, one of whom represents municipal interests and  
22 one of whom represents the county at large; and

23 (3) three directors appointed by the Brazoria County  
24 Commissioners Court, one of whom represents agricultural  
25 interests, one of whom represents municipal interests, and one of  
26 whom represents industrial interests.

27 (b) Each director must be a resident of this state.

28 (c) A director appointed to represent municipal or  
29 industrial interests must be an authority customer or represent an  
30 entity that is an authority customer. (Acts 59th Leg., R.S., Ch.  
31 712, Sec. 5, Subsecs. (a), (b); Secs. 5(a), 5(b).)

32 Source Law

33 Sec. 5. (a) The management and control of the  
34 District is hereby vested in a Board of 10 directors.

35 (b) Each director must be a resident of this

1 state.

2 Sec. 5(a). The directors of the district shall  
3 be appointed as follows:

4 (1) five directors appointed by the  
5 Galveston County Commissioners Court, one of whom  
6 represents municipal interests, two of whom represent  
7 industrial interests, and two of whom represent the  
8 county at large;

9 (2) two directors appointed by the Fort  
10 Bend County Commissioners Court, one of whom  
11 represents municipal interests, and one of whom  
12 represents the county at large; and

13 (3) three directors appointed by the  
14 Brazoria County Commissioners Court, one of whom  
15 represents agricultural interests, one of whom  
16 represents municipal interests, and one of whom  
17 represents industrial interests.

18 Sec. 5(b). A director appointed under Section  
19 5(a) to represent municipal or industrial interests  
20 must be a customer of or represent an entity that is a  
21 customer of the district.

22 Revisor's Note

23 Subsection (a) of Section 5, Chapter 712, Acts of  
24 the 59th Legislature, Regular Session, 1965, provides  
25 that "management and control of the District is hereby  
26 vested" in the board. The revised law omits the quoted  
27 language because it duplicates, in substance, parts of  
28 Sections 49.051 and 49.057, Water Code, which provide  
29 that the authority is governed by the board and that  
30 the board is responsible for the authority's  
31 management. Throughout this chapter, the revised law  
32 omits law that is superseded by or duplicates law in  
33 Chapter 49, Water Code, applicable to the district  
34 under Sections 49.001 and 49.002 of that code.

35 Revised Law

36 Sec. 11018.0202. TERMS. Directors serve staggered two-year  
37 terms expiring August 31 of the appropriate year. (Acts 59th Leg.,  
38 R.S., Ch. 712, Sec. 5(e).)

39 Source Law

40 (e) All terms of office shall be for a period of  
41 two (2) years. Terms shall be staggered ending on  
42 August 31 of the appropriate year.

43 Revised Law

44 Sec. 11018.0203. REMOVAL. (a) The commissioners court  
45 that appointed a director may remove that director for

1 inefficiency, neglect of duty, or misconduct of office.

2 (b) The commissioners court must provide a director removed  
3 under this section:

4 (1) written notice not later than the 30th day after  
5 the date the decision to remove is made; and

6 (2) an opportunity to be heard in person or by counsel  
7 in a public hearing. (Acts 59th Leg., R.S., Ch. 712, Sec. 5(d).)

8 Source Law

9 (d) A director may be removed by the  
10 commissioners court that appointed the director for  
11 inefficiency, neglect of duty, or misconduct of  
12 office. The commissioners court must provide a  
13 director removed under this section written notice not  
14 later than the 30th day after the date the decision to  
15 remove is made and an opportunity to be heard in person  
16 or by counsel in a public hearing.

17 Revised Law

18 Sec. 11018.0204. VACANCY. If a vacancy occurs on the board,  
19 the commissioners court that appointed the director who vacated the  
20 office shall appoint a person to serve the unexpired term. (Acts  
21 59th Leg., R.S., Ch. 712, Sec. 5(c).)

22 Source Law

23 (c) Vacancies on the Board of Directors, whether  
24 by death, resignation or termination of the term of  
25 office, shall be filled by appointment by the  
26 commissioners court that appointed the director for  
27 the unexpired term of the director.

28 Revisor's Note

29 Section 5(c), Chapter 712, Acts of the 59th  
30 Legislature, Regular Session, 1965, provides the  
31 method of filling a vacancy occurring on the board,  
32 "whether by death, resignation or termination of the  
33 term of office." The revised law omits the quoted  
34 language as unnecessary because it merely describes  
35 every manner in which a vacancy may occur without  
36 limiting in any way the duty to fill the vacancy.

37 Revised Law

38 Sec. 11018.0205. QUORUM. Six directors constitute a  
39 quorum. (Acts 59th Leg., R.S., Ch. 712, Sec. 5(f) (part).)





1 in enacting a statute, the entire statute is intended  
2 to be effective.

3 (2) Section 3, Chapter 712, Acts of the 59th  
4 Legislature, Regular Session, 1965, "expressly"  
5 provides that the authority "shall have, and is hereby  
6 authorized to exercise" certain "rights, powers,  
7 privileges and functions." Throughout this chapter,  
8 the revised law substitutes "may" or "has" for the  
9 quoted or similar language because, in context, the  
10 language has the same meaning and "may" and "has" are  
11 more commonly used.

12 (3) Section 3(k), Chapter 712, Acts of the 59th  
13 Legislature, Regular Session, 1965, authorizes the  
14 authority to "fix" the compensation of officers,  
15 agents, and employees. Throughout this chapter, in  
16 this and similar contexts, the revised law substitutes  
17 "set" for "fix," "fixed," and "fixing" because, in  
18 context, the terms have the same meaning and "set" is  
19 more commonly used.

20 Revised Law

21 Sec. 11018.0208. GENERAL MANAGER. If the board employs a  
22 general manager, the general manager is the authority's chief  
23 executive officer. (Acts 59th Leg., R.S., Ch. 712, Sec. 5E.)

24 Source Law

25 Sec. 5E. If the Board employs a general manager,  
26 the general manager is the chief executive officer of  
27 the District.

28 Revised Law

29 Sec. 11018.0209. MEETINGS BY TELEPHONE CONFERENCE CALL.

30 (a) The board may hold an open or closed meeting by telephone  
31 conference call if at least five directors are present at the  
32 location where the board meeting is held. A meeting held by  
33 telephone conference call:

34 (1) is subject to the same notice requirements as  
35 other board meetings; and

1 (2) must be recorded.

2 (b) Each person who speaks in a meeting held by telephone  
3 conference call must be clearly identified.

4 (c) A director participating in a meeting held by telephone  
5 conference call is considered absent from any part of the meeting  
6 during which audio communication is lost.

7 (d) The authority to hold a meeting described by this  
8 section is in addition to authority described by Chapter 551,  
9 Government Code. (Acts 59th Leg., R.S., Ch. 712, Sec. 5D.)

10 Source Law

11 Sec. 5D. (a) The Board may hold an open or  
12 closed meeting by telephone conference call if at  
13 least five directors are present at the location where  
14 the meeting of the Board is held. A meeting held by  
15 telephone conference call is subject to the same  
16 notice requirements as other Board meetings and must  
17 be recorded. Each person who speaks in a meeting held  
18 by telephone conference call must be clearly  
19 identified. A director participating in a meeting  
20 held by telephone conference call is considered absent  
21 from any part of the meeting during which audio  
22 communication is lost.

23 (b) The authority to hold a meeting held by  
24 telephone conference call described by this section is  
25 in addition to authority described by Chapter 551,  
26 Government Code.

27 Revised Law

28 Sec. 11018.0210. CONFLICT OF INTEREST. (a) Chapter 171,  
29 Local Government Code, does not apply to a director appointed to  
30 represent agricultural or industrial interests.

31 (b) A director who has a financial interest in a contract  
32 considered by the authority for the purchase of property or the  
33 construction of a facility must disclose the interest to the other  
34 directors and may not vote on the contract. (Acts 59th Leg., R.S.,  
35 Ch. 712, Sec. 5C.)

36 Source Law

37 Sec. 5C. (a) Chapter 171, Local Government  
38 Code, does not apply to a director appointed to  
39 represent agricultural or industrial interests.

40 (b) A director who has a financial interest in a  
41 contract considered by the District for the purchase  
42 of property or the construction of a facility must  
43 disclose the interest to the other directors and may  
44 not vote on the contract.



1, 1997.

(c) Subsequent appointees serve two-year terms.

[Acts 84th Leg., R.S., Ch. 943]

Sec. 4. (a) The terms of the members of the board of directors of the Gulf Coast Water Authority serving on the effective date of this Act expire September 1, 2015.

(b) Not later than September 1, 2015, the entities described by Section 5(a), Chapter 712, Acts of the 59th Legislature, Regular Session, 1965, as amended by this Act, shall make the appointments required by that section.

(c) The members of the board appointed under Subsection (b) of this section shall draw lots to determine which four board members shall serve a one-year term and which five members shall serve a two-year term.

#### SUBCHAPTER C. POWERS AND DUTIES

##### Revised Law

Sec. 11018.0301. CONSERVATION AND RECLAMATION DISTRICT POWERS; LIMITATIONS. (a) The authority is a conservation and reclamation district except as the authority's powers are limited by this chapter.

(b) The authority does not have any power conferred by general law to collect, transport, process, dispose of, or control domestic, industrial, or communal wastes or gather, conduct, direct, or control local storm waters, or other local harmful excesses of water, except as directly related to the production and purification of water for agricultural, municipal, or industrial purposes, including the ownership, lease, or operation of a municipal wastewater treatment facility in which the effluent is used by the authority for water reuse supply. (Acts 59th Leg., R.S., Ch. 712, Secs. 4(a) (part), 9 (part).)

##### Source Law

[Sec. 4]

(a) . . . said District shall have none of the powers conferred by General Law for the purposes of the collection, transportation, processing, disposal and control of domestic, industrial or communal wastes, and the gathering, conducting, directing and controlling of local storm waters, or other local harmful excesses of water except as directly related to the production and purification of water for agricultural, municipal, or industrial purposes, including the ownership, lease, or operation of a municipal wastewater treatment facility in which the

1 effluent is used by the District for water reuse  
2 supply.

3 Sec. 9. [. . . said District shall be a fully  
4 created and established] conservation and reclamation  
5 district, but having the limitations on its powers, as  
6 hereinbefore set out in this Act.

7 Revised Law

8 Sec. 11018.0302. GENERAL WATER SUPPLY POWERS. (a) The  
9 authority may conserve, store, transport, treat, purify,  
10 distribute, sell, and deliver surface water and groundwater to  
11 persons and purchase, construct, or lease property, works, and  
12 facilities, inside or outside the authority, necessary or useful  
13 for those purposes.

14 (b) The authority may acquire water supplies from sources  
15 inside or outside the authority, sell, transport, and deliver water  
16 to customers located inside or outside the authority, and acquire  
17 properties and facilities necessary or useful for those purposes.  
18 (Acts 59th Leg., R.S., Ch. 712, Sec. 3 (part).)

19 Source Law

20 Sec. 3. . . . it is expressly provided that the  
21 District shall have, and is hereby authorized to  
22 exercise, the following rights, powers, privileges and  
23 functions:

24 . . .  
25 (b) to conserve, store, transport, treat and  
26 purify, distribute, sell and deliver water, both  
27 surface and underground, to persons, corporations,  
28 both public and private, political subdivisions of the  
29 State and others, and to purchase, construct or lease  
30 all property, works and facilities, both within and  
31 without the District, necessary or useful for such  
32 purposes;

33 (c) to acquire water supplies from sources both  
34 within or without the boundaries of the District and to  
35 sell, transport and deliver water to customers  
36 situated within or without the District and to acquire  
37 all properties and facilities necessary or useful for  
38 such purposes, and . . . .

39 Revisor's Note

40 (1) Section 3(b), Chapter 712, Acts of the 59th  
41 Legislature, Regular Session, 1965, refers to water  
42 that is "underground." The revised law substitutes  
43 "groundwater" for the reference to underground water  
44 to conform to the term used in Chapter 36, Water Code.

45 (2) Section 3(b), Chapter 712, Acts of the 59th

1 Legislature, Regular Session, 1965, refers to persons,  
2 "corporations, both public and private, political  
3 subdivisions of the State and others." The revised law  
4 omits the quoted language because under Section  
5 311.005(2), Government Code (Code Construction Act),  
6 "person" is defined to include any legal entity.

7 (3) Section 3(c), Chapter 712, Acts of the 59th  
8 Legislature, Regular Session, 1965, provides in part  
9 that the authority may enter into contracts for  
10 certain purposes. The revised law omits that provision  
11 because it duplicates, in substance, Section 3(1),  
12 Chapter 712, Acts of the 59th Legislature, Regular  
13 Session, 1965, revised in this chapter as Section  
14 11018.0312, and Section 49.213(c), Water Code, which  
15 authorize the authority to enter into certain  
16 contracts. The omitted law reads:

17 (c) [to acquire water supplies from  
18 sources both within or without the  
19 boundaries of the District and to sell,  
20 transport and deliver water to customers  
21 situated within or without the District and  
22 to acquire all properties and facilities  
23 necessary or useful for such purposes, and]  
24 for any or all of such purposes to enter  
25 into contracts with persons, corporations,  
26 both public and private, and political  
27 subdivisions of the State for such periods  
28 of time and on such terms and conditions as  
29 the Board of Directors may deem desirable;  
30 . . .

31 Revised Law

32 Sec. 11018.0303. MUNICIPAL UTILITY DISTRICT POWERS. Except  
33 as expressly limited by this chapter, the authority has all of the  
34 rights, powers, and privileges conferred by general law applicable  
35 to municipal utility districts created under Section 59, Article  
36 XVI, Texas Constitution, including Chapters 49 and 54, Water Code.  
37 (Acts 59th Leg., R.S., Ch. 712, Sec. 3 (part).)

38 Source Law

39 Sec. 3. Except as expressly limited by this Act,  
40 the District shall have and exercise and is hereby  
41 vested with all rights, powers, privileges, and  
42 authority conferred by the General Laws of this State

1 now in force or hereafter enacted applicable to  
2 municipal utility districts created under authority of  
3 Section 59 of Article XVI, Constitution of Texas  
4 including without limitation those conferred by  
5 Chapters 49 and 54, Water Code, as amended, but to the  
6 extent that the provisions of such General Laws may be  
7 in conflict or inconsistent with the provisions of  
8 this Act, the provisions of this Act shall prevail.  
9 . . .

10 Revisor's Note

11 (1) Section 3, Chapter 712, Acts of the 59th  
12 Legislature, Regular Session, 1965, refers to the  
13 authority's "rights, powers, privileges, and  
14 authority." Throughout this chapter, in this and  
15 similar contexts, the revised law omits "authority"  
16 because, in context, "authority" is included in the  
17 meaning of "powers."

18 (2) Section 3, Chapter 712, Acts of the 59th  
19 Legislature, Regular Session, 1965, provides that the  
20 authority has all rights, powers, privileges, and  
21 authority conferred by the general laws of this state  
22 "now in force or hereafter enacted" applicable to  
23 municipal utility districts, "but to the extent that  
24 the provisions of such General Laws may be in conflict  
25 or inconsistent with the provisions of this Act, the  
26 provisions of this Act shall prevail."

27 The revised law omits "now in force" as  
28 unnecessary under general principles of statutory  
29 construction. The general laws of this state means  
30 those laws "in force" at the time the provision was  
31 adopted.

32 The revised law omits "hereafter enacted" because  
33 it is unnecessary to state that the district may be  
34 granted additional powers by later enacted laws.  
35 Those laws apply on their own terms.

36 The revised law omits as unnecessary and  
37 potentially misleading the quoted provision about the  
38 act prevailing over conflicting general law. To the



1 extent the provision means that the act prevails over  
2 other law in existence at the time the act became  
3 effective and with which the act conflicts, the  
4 provision merely restates general principles of  
5 statutory construction. To the extent the provision  
6 means the act prevails over future enactments of the  
7 legislature that may conflict with it, the provision  
8 is misleading. It is a fundamental principle of  
9 statutory construction that one session of the  
10 legislature may not bind a future session of the  
11 legislature. In addition, Section 311.026, Government  
12 Code (Code Construction Act), governs the  
13 interpretation of the revised law in instances of  
14 apparent conflict with other laws.

15 (3) Section 3, Chapter 712, Acts of the 59th  
16 Legislature, Regular Session, 1965, grants the  
17 authority certain powers, "including without  
18 limitation" the powers conferred by Chapters 49 and  
19 54, Water Code, "as amended." The revised law omits  
20 "without limitation" because Section 311.005(13),  
21 Government Code (Code Construction Act), provides that  
22 "including" is a term of enlargement and not  
23 limitation and does not create a presumption that  
24 components not expressed are excluded. Throughout  
25 this chapter, the revised law omits the references to  
26 "as amended" because under Section 311.027, Government  
27 Code (Code Construction Act), a reference to a statute  
28 applies to all reenactments, revisions, or amendments  
29 of that statute unless expressly provided otherwise.

30 (4) Section 3, Chapter 712, Acts of the 59th  
31 Legislature, Regular Session, 1965, provides that all  
32 general laws applicable to municipal utility districts  
33 not in conflict or inconsistent with the provisions of  
34 the act are incorporated by reference. The revised law

1 omits that provision because the part of Section 3,  
2 Chapter 712, revised as this section already provides  
3 that those laws apply to the authority, and it is  
4 unnecessary to further incorporate those laws in this  
5 chapter. The omitted law reads:

6           Sec. 3. . . . All such General Laws  
7 are hereby adopted and incorporated by  
8 reference with the same effect as if  
9 incorporated in full in this Act. . . .

10                           Revised Law

11           Sec. 11018.0304. ACQUISITION OF IMPROVEMENTS.       The  
12 authority may make, construct, or otherwise acquire improvements  
13 inside or outside the authority that are necessary to carry out a  
14 power granted to the authority under this chapter or a general law  
15 described by Section 11018.0303. (Acts 59th Leg., R.S., Ch. 712,  
16 Sec. 3 (part); New.)

17                           Source Law

18           Sec. 3. . . . [the District shall have and  
19 exercise and is hereby vested with all rights, powers,  
20 privileges, and authority conferred by the General  
21 Laws of this State now in force or hereafter enacted  
22 applicable to municipal utility districts created  
23 under authority of Section 59 of Article XVI,  
24 Constitution of Texas including without limitation  
25 those conferred by Chapters 49 and 54, Water Code, as  
26 amended,]. . . . it is expressly provided that the  
27 District shall have, and is hereby authorized to  
28 exercise, the following rights, powers, privileges and  
29 functions:

30           (a) the power to make, construct, or otherwise  
31 acquire improvements either within or without the  
32 boundaries thereof necessary to carry out the powers  
33 and authority granted by this Act and said General Laws  
34 and . . . .

35                           Revisor's Note

36           Section 3(a), Chapter 712, Acts of the 59th  
37 Legislature, Regular Session, 1965, provides the  
38 authority with the power to make, construct, or  
39 otherwise acquire improvements necessary to carry out  
40 the powers and authority granted by "said General  
41 Laws." The quoted language refers to the part of  
42 Section 3, Chapter 712, Acts of the 59th Legislature,  
43 Regular Session, 1965, that vests the authority with

1 rights, powers, and privileges conferred by general  
2 laws applicable to municipal utility districts. That  
3 part is revised as Section 11018.0303 of this chapter  
4 and the revised law is drafted accordingly.

5 Revised Law

6 Sec. 11018.0305. EMINENT DOMAIN. (a) Except as provided by  
7 Subsection (b), the authority may exercise the power of eminent  
8 domain for the purposes described by Section 11018.0304.

9 (b) The authority's power of eminent domain is limited as  
10 provided by Chapter 712, Acts of the 59th Legislature, Regular  
11 Session, 1965.

12 (c) The authority's authority under this section to  
13 exercise the power of eminent domain expired on September 1, 2013,  
14 unless the authority submitted a letter to the comptroller in  
15 accordance with Section 2206.101(b), Government Code, not later  
16 than December 31, 2012. (Acts 59th Leg., R.S., Ch. 712, Sec. 3  
17 (part); New.)

18 Source Law

19 Sec. 3. . . . it is expressly provided that the  
20 District shall have, and is hereby authorized to  
21 exercise, the following rights, powers, privileges and  
22 functions:

23 (a) [the power to make, construct, or otherwise  
24 acquire improvements either within or without the  
25 boundaries thereof necessary to carry out the powers  
26 and authority granted by this Act and said General Laws  
27 and] to exercise the power of eminent domain for such  
28 purposes; [provided, however, that the District shall  
29 not have the power of eminent domain as to all or any  
30 part of the water supply, property, works or  
31 facilities of any private person or persons, or of any  
32 private or public corporation or association engaged  
33 in the business of supplying water in Brazoria County,  
34 Fort Bend County, or Galveston County, Texas, to any  
35 class of consumers for any use upon the effective date  
36 of this Act, but this provision shall not restrict the  
37 power of the District to acquire necessary crossing  
38 easements and rights-of-way;]

39 . . .

40 Revisor's Note

41 (1) Section 3(a), Chapter 712, Acts of the 59th  
42 Legislature, Regular Session, 1965, provides the  
43 authority with the power to make, construct, or  
44 otherwise acquire improvements and authorizes the

1 authority to exercise the power of eminent domain "for  
2 such purposes." The quoted language refers to the  
3 purposes described in the part of Section 3(a),  
4 Chapter 712, Acts of the 59th Legislature, Regular  
5 Session, 1965, that is revised as Section 11018.0304  
6 of this chapter. The revised law is drafted  
7 accordingly.

8 (2) Section 3(a), Chapter 712, Acts of the 59th  
9 Legislature, Regular Session, 1965, provides that the  
10 authority does not have the power of eminent domain as  
11 to certain water supplies, properties, works, or  
12 facilities of private persons or of corporations or  
13 associations engaged in the business of supplying  
14 water in Brazoria, Fort Bend, or Galveston County  
15 "upon the effective date of this Act." It is unclear  
16 whether the quoted language refers specifically to a  
17 date on which the corporations or associations were  
18 engaged in the business of supplying water or whether  
19 the quoted language is a surplus reference to the  
20 effective date of the act itself. If the quoted  
21 language refers to a date on which corporations or  
22 associations were engaged in the business of supplying  
23 water, it is unclear what effect various amendments to  
24 the relevant portion of Section 3 had on the date  
25 reference. Section 3, as effective on June 18, 1965,  
26 referred to the business of supplying water in  
27 Galveston County. Section 3 was amended by several  
28 subsequent legislatures, including an amendment  
29 effective on June 2, 2019, that added a reference to  
30 the business of supplying water in Brazoria and Fort  
31 Bend Counties. It is unclear whether each amendment to  
32 Section 3 changed the date to which the quoted language  
33 originally referred. The source law is ambiguous in  
34 that respect and the ambiguity cannot be resolved or

1 revised without potential substantive effect.  
2 Therefore, the entire limitation on the authority's  
3 eminent domain power in the source law is preserved in  
4 Chapter 712 without being revised.

5 (3) Section 3(a), Chapter 712, Acts of the 59th  
6 Legislature, Regular Session, 1965, provided the  
7 authority limited eminent domain authority. Section  
8 2206.101, Government Code, required an entity with  
9 eminent domain authority to submit a letter with  
10 certain information to the comptroller not later than  
11 December 31, 2012, to prevent the entity's eminent  
12 domain authority from expiring on September 1, 2013.  
13 To avoid the appearance that this revision recognizes  
14 authority that the authority may not possess at the  
15 time of the revision, the revised law includes a  
16 provision setting out the requirements of Section  
17 2206.101, Government Code.

18 Revised Law

19 Sec. 11018.0306. COST OF RELOCATING OR ALTERING PROPERTY.

20 (a) In this section, "sole expense" means the actual cost of  
21 relocating, raising, rerouting, changing the grade of, or altering  
22 the construction of a facility described by Subsection (b) in  
23 providing comparable replacement without enhancement of the  
24 facility, after deducting from that cost the net salvage value  
25 derived from the old facility.

26 (b) If the authority's exercise of the power of eminent  
27 domain, the power of relocation, or any other power granted by this  
28 chapter makes necessary relocating, raising, rerouting, changing  
29 the grade of, or altering the construction of a highway, railroad,  
30 electric transmission line, telephone or telegraph property or  
31 facility, or pipeline, the necessary action shall be accomplished  
32 at the authority's sole expense. (Acts 59th Leg., R.S., Ch. 712,  
33 Sec. 4(c).)



1 property has a value of less than \$25,000. (Acts 59th Leg., R.S.,  
2 Ch. 712, Sec. 5F.)

3 Source Law

4 Sec. 5F. The District is not required to provide  
5 notice for the sale or disposal of District personal  
6 property if the personal property has a value of less  
7 than \$25,000.

8 Revised Law

9 Sec. 11018.0309. ACQUISITION, MAINTENANCE, AND OPERATION  
10 OF PROPERTY. Subject to the provisions of this chapter, the  
11 authority may purchase, lease, acquire by gift or otherwise,  
12 maintain, use, and operate property of any kind or any interest in  
13 property, inside or outside the authority, necessary to the  
14 exercise of the powers, rights, privileges, and functions conferred  
15 by this chapter or Chapters 49 and 54, Water Code. (Acts 59th Leg.,  
16 R.S., Ch. 712, Sec. 3 (part).)

17 Source Law

18 Sec. 3. . . . it is expressly provided that the  
19 District shall have, and is hereby authorized to  
20 exercise, the following rights, powers, privileges and  
21 functions:

22 . . .  
23 (e) subject to the provisions of this Act, to  
24 acquire by purchase, lease, gift, or otherwise, and to  
25 maintain, use, and operate any and all property of any  
26 kind, or any interest therein, within or without the  
27 boundaries of the District, necessary to the exercise  
28 of the powers, rights, privileges, and functions  
29 conferred by this Act or by Chapters 49 and 54, Water  
30 Code, as amended;

31 . . .

32 Revised Law

33 Sec. 11018.0310. CONSTRUCTION, MAINTENANCE, AND OPERATION  
34 OF FACILITIES. The authority may construct, extend, improve,  
35 maintain, reconstruct, use, and operate facilities of any kind  
36 necessary to the exercise of the authority's powers, rights,  
37 privileges, and functions. (Acts 59th Leg., R.S., Ch. 712, Sec. 3  
38 (part).)

39 Source Law

40 Sec. 3 . . . it is expressly provided that the  
41 District shall have, and is hereby authorized to  
42 exercise, the following rights, powers, privileges and  
43 functions:

44 . . .

1 (f) to construct, extend, improve, maintain,  
2 and reconstruct, to cause to be constructed, extended,  
3 improved, maintained, and reconstructed, and to use  
4 and operate, any and all facilities of any kind  
5 necessary to the exercise of such powers, rights,  
6 privileges, and functions;  
7 . . .

8 Revisor's Note

9 Section 3(f), Chapter 712, Acts of the 59th  
10 Legislature, Regular Session, 1965, provides that the  
11 authority may construct, extend, improve, maintain,  
12 reconstruct, and "cause to be constructed, extended,  
13 improved, maintained, and reconstructed" certain  
14 facilities. The revised law omits the quoted language  
15 as unnecessary because the grant of a power implies the  
16 authority to provide for the exercise of that power.  
17 In addition, the quoted language duplicates, in  
18 substance, Section 3(1), Chapter 712, Acts of the 59th  
19 Legislature, Regular Session, 1965, revised in this  
20 chapter as Section 11018.0312, which authorizes the  
21 authority to enter into a contract necessary to the  
22 exercise of the powers, rights, privileges, and  
23 functions conferred on the authority by this chapter.

24 Revised Law

25 Sec. 11018.0311. AUTHORITY TO PURCHASE AND SELL  
26 ELECTRICITY. (a) In connection with the acquisition of water, or  
27 the treatment, storage, or transportation of water, the authority  
28 may enter into retail service agreements within the Electric  
29 Reliability Council of Texas for the purchase of electricity for  
30 the authority's own use and may sell electricity in a sale or resale  
31 only by way of a registered power marketer or power generation  
32 company in accordance with applicable rules of the Public Utility  
33 Commission of Texas and requirements of the independent  
34 organization certified under Section 39.151, Utilities Code, for  
35 the ERCOT power region.

36 (b) An agreement entered into under this section may provide  
37 for a term of years and include provisions that the board determines



1 are in the authority's best interest, including provisions for the  
2 posting of collateral or payment of an early termination amount in  
3 the event of early termination. (Acts 59th Leg., R.S., Ch. 712,  
4 Sec. 3A.)

5 Source Law

6 Sec. 3A. In connection with the acquisition of  
7 water, or the treatment, storage, or transportation of  
8 water, the district may enter into retail service  
9 agreements within the Electric Reliability Council of  
10 Texas for the purchase of electricity for the  
11 district's own use and may sell electricity in a sale  
12 or resale only by way of a registered power marketer or  
13 power generation company in accordance with applicable  
14 public utility commission rules and requirements of  
15 the Electric Reliability Council of Texas. An  
16 agreement entered into under this section may provide  
17 for a term of years and include provisions that the  
18 Board of Directors determines are in the best interest  
19 of the district, including provisions for the posting  
20 of collateral or payment of an early termination  
21 amount in the event of early termination.

22 Revisor's Note

23 Section 3A, Chapter 712, Acts of the 59th  
24 Legislature, Regular Session, 1965, provides that the  
25 authority may sell electricity in accordance with  
26 requirements of the "Electric Reliability Council of  
27 Texas." The revised law substitutes for the quoted  
28 language a reference to the "independent organization  
29 certified under Section 39.151, Utilities Code, for  
30 the ERCOT power region" to describe the entity that  
31 adopts requirements for the electricity market in the  
32 area of the Electric Reliability Council of Texas.  
33 Section 31.002, Utilities Code, defines "Electric  
34 Reliability Council of Texas" or "ERCOT" to mean a  
35 specific area in this state. Chapter 39, Utilities  
36 Code, establishes a regulatory system based on power  
37 regions designated by the North American Electric  
38 Reliability Council, one of which is the ERCOT power  
39 region. Section 39.151, Utilities Code, requires the  
40 Public Utility Commission of Texas to certify an  
41 independent organization for the ERCOT power region to

1 perform various functions prescribed by Section  
2 39.151, including ensuring that electricity  
3 production and delivery are accurately accounted for  
4 among generators and buyers and sellers of  
5 electricity.

6 Revised Law

7 Sec. 11018.0312. GENERAL AUTHORITY TO ENTER INTO CONTRACTS  
8 AND EXECUTE INSTRUMENTS. (a) The authority may enter into a  
9 contract or execute an instrument convenient or necessary to the  
10 exercise of the powers, rights, privileges, and functions conferred  
11 on the authority by this chapter or Chapters 49 and 54, Water Code,  
12 including a contract with any person as the board may consider  
13 necessary or proper for or in connection with any of the authority's  
14 corporate purposes.

15 (b) A contract or instrument under this section may be for  
16 the term and contain the provisions the board determines to be in  
17 the best interests of the authority. (Acts 59th Leg., R.S., Ch. 712,  
18 Sec. 3 (part).)

19 Source Law

20 Sec. 3. . . . it is expressly provided that the  
21 District shall have, and is hereby authorized to  
22 exercise, the following rights, powers, privileges and  
23 functions:

24 . . .  
25 (1) to make contracts and to execute instruments  
26 convenient or necessary to the exercise of the powers,  
27 rights, privileges, and functions conferred by this  
28 Act or Chapters 49 and 54, Water Code, as amended, for  
29 such term and with such provisions as the Board of  
30 Directors may determine to be in the best interests of  
31 the District, including, without in any way limiting  
32 the generality of the foregoing, contracts with  
33 persons including the State of Texas, the United  
34 States of America and any corporation or agency  
35 thereof and districts, cities, towns, persons,  
36 organizations, firms, corporations or other entities  
37 as the Board of Directors may deem necessary or proper  
38 for or in connection with any of its corporate  
39 purposes;

40 . . .

41 Revisor's Note

42 Section 3(1), Chapter 712, Acts of the 59th  
43 Legislature, Regular Session, 1965, authorizes the  
44 authority to enter into contracts with persons

1 "including the State of Texas, the United States of  
2 America and any corporation or agency thereof and  
3 districts, cities, towns, persons, organizations,  
4 firms, corporations or other entities". The revised  
5 law omits the quoted language for the reason stated in  
6 Revisor's Note (2) to Section 11018.0302.

7 Revised Law

8 Sec. 11018.0313. CONTRACT AUTHORITY RELATED TO WATER  
9 PROJECTS OUTSIDE AUTHORITY. (a) The authority may enter into a:

10 (1) contract related to a water project located  
11 outside the authority; and

12 (2) local agreement with a political subdivision for a  
13 purpose related to a water project.

14 (b) A contract entered into under this section may use money  
15 appropriated by a political subdivision that is a party to the  
16 contract to pay for predevelopment costs, engineering, surveys, and  
17 the collection and compilation of data relating to conditions  
18 influencing determinations about the character and extent of  
19 proposed improvements, works, and facilities for the  
20 accomplishment of authority purposes.

21 (c) The authority may contract or agree with an entity  
22 appropriating money under this section to receive a loan or money  
23 from other sources in return for services described by Subsection  
24 (a). The contract or agreement may provide for the repayment by the  
25 authority of money advanced as a loan from project revenues, bond  
26 proceeds, or other available money.

27 (d) The authority and a state agency or political  
28 subdivision may enter into a contract to jointly pay all or part of  
29 the cost of a water project or the operation of a water project in  
30 the same manner that a political subdivision may contract with a  
31 state agency or political subdivision under Chapter 472,  
32 Transportation Code, to jointly pay all or part of the cost  
33 associated with a state or local highway, turnpike, road, or street  
34 project. (Acts 59th Leg., R.S., Ch. 712, Sec. 5G.)

1 Source Law

2 Sec. 5G. (a) The District may enter into a  
3 contract related to a water project located outside  
4 the District. The District may enter into a local  
5 agreement with a political subdivision for a purpose  
6 related to a water project.

7 (b) A contract under this section may use money  
8 appropriated by a political subdivision that is a  
9 party to the contract to pay for pre-development  
10 costs, engineering, surveys, and the collection and  
11 compilation of data relating to conditions influencing  
12 determinations about the character and extent of  
13 proposed improvements, works, and facilities for the  
14 accomplishment of District purposes.

15 (c) The District may contract or agree with an  
16 entity appropriating money under this section to  
17 receive a loan or money from other sources in return  
18 for services described by Subsection (a) of this  
19 section. The contract or agreement may provide for the  
20 repayment by the District of money advanced as a loan  
21 from project revenues, bond proceeds, or other  
22 available money.

23 (d) The District and a state agency or political  
24 subdivision may enter into a contract to jointly pay  
25 all or part of the cost of a water project or the  
26 operation of a water project in the same way that a  
27 political subdivision may contract with a state agency  
28 or political subdivision under Chapter 472,  
29 Transportation Code, to jointly pay all or part of the  
30 cost associated with a state or local highway,  
31 turnpike, road, or street project.

32 Revised Law

33 Sec. 11018.0314. COMPETITIVE BIDDING EXCEPTION. (a) In  
34 this section, "person" includes an individual, entity,  
35 partnership, or corporation. The term does not include a political  
36 subdivision or public agency.

37 (b) This section does not apply to a contract for  
38 architectural or engineering services. Section 2254.004,  
39 Government Code, applies to the procurement of architectural or  
40 engineering services.

41 (c) Competitive bidding and contract procurement or  
42 delivery requirements otherwise applicable to the authority do not  
43 apply to a contract or agreement made by the authority with a person  
44 if:

45 (1) the contract or agreement relates to a project for  
46 the acquisition or construction of equipment or facilities for the  
47 production, treatment, transmission, or delivery of water; and

48 (2) payments made under the contract or agreement are

1 for amounts substantially sufficient to finance a project described  
2 in Subdivision (1). (Acts 59th Leg., R.S., Ch. 712, Sec. 3B.)

3 Source Law

4 Sec. 3B. (a) In this section, "person" includes  
5 an individual, entity, partnership, or corporation.  
6 The term does not include a political subdivision or  
7 public agency.

8 (b) This section does not apply to a contract  
9 for architectural or engineering services. Section  
10 2254.004, Government Code, applies to the procurement  
11 of architectural or engineering services.

12 (c) Competitive bidding and contract  
13 procurement or delivery requirements otherwise  
14 applicable to the District do not apply to a contract  
15 or agreement made by the District with a person if:

16 (1) the contract or agreement relates to a  
17 project for the acquisition or construction of  
18 equipment or facilities for the production, treatment,  
19 transmission, or delivery of water; and

20 (2) payments made under the contract or  
21 agreement are for amounts substantially sufficient to  
22 finance a project described in Subdivision (1) of this  
23 subsection.

24 Revised Law

25 Sec. 11018.0315. NONPROFIT CORPORATION. (a) The board by  
26 resolution may authorize the creation of a nonprofit corporation to  
27 assist and act for the authority in implementing a project or  
28 providing a service authorized by this chapter.

29 (b) The nonprofit corporation:

30 (1) has each power of and is considered to be a local  
31 government corporation created under Subchapter D, Chapter 431,  
32 Transportation Code; and

33 (2) may implement any project and provide any service  
34 authorized by this chapter.

35 (c) The board shall appoint the board of directors of the  
36 nonprofit corporation. The board of directors of the nonprofit  
37 corporation serves:

38 (1) at the will of the authority; and

39 (2) in the same manner as the board of directors of a  
40 local government corporation created under Subchapter D, Chapter  
41 431, Transportation Code.

42 (d) The nonprofit corporation may not:

43 (1) participate in a project that the authority is not

1 authorized to participate in;

2 (2) impose taxes; or

3 (3) acquire, construct, or operate parks or  
4 recreational facilities. (Acts 59th Leg., R.S., Ch. 712, Sec. 3C.)

5 Source Law

6 Sec. 3C. (a) The Board by resolution may  
7 authorize the creation of a nonprofit corporation to  
8 assist and act for the District in implementing a  
9 project or providing a service authorized by this Act.

10 (b) The nonprofit corporation:

11 (1) has each power of and is considered to  
12 be a local government corporation created under  
13 Subchapter D, Chapter 431, Transportation Code; and

14 (2) may implement any project and provide  
15 any service authorized by this Act.

16 (c) The Board shall appoint the board of  
17 directors of the nonprofit corporation. The board of  
18 directors of the nonprofit corporation shall serve at  
19 the will of the District and in the same manner as the  
20 board of directors of a local government corporation  
21 created under Subchapter D, Chapter 431,  
22 Transportation Code.

23 (d) The nonprofit corporation may not:

24 (1) participate in a project that the  
25 District is not authorized to participate in;

26 (2) impose taxes; or

27 (3) acquire, construct, or operate parks  
28 or recreational facilities.

29 Revised Law

30 Sec. 11018.0316. EFFECT OF CHAPTER ON WATER RIGHTS AND  
31 GROUNDWATER REGULATION. This chapter does not:

32 (1) confer any water rights on the authority or set any  
33 priority of rights; or

34 (2) authorize the authority to regulate the withdrawal  
35 of groundwater. (Acts 59th Leg., R.S., Ch. 712, Secs. 4(d), (e).)

36 Source Law

37 (d) Nothing herein shall be construed as  
38 conferring any water rights on the District or as  
39 fixing any priority of rights.

40 (e) Nothing herein shall be construed as  
41 authorizing the District to make any regulation of the  
42 withdrawal of underground water.

43 Revisor's Note

44 Section 4(e), Chapter 712, Acts of the 59th  
45 Legislature, Regular Session, 1965, refers to  
46 "underground water." The revised law substitutes  
47 "groundwater" for "underground water" for the reason

1 stated in Revisor's Note (1) to Section 11018.0302.

2 Revised Law

3 Sec. 11018.0317. EFFECT OF CHAPTER ON OTHER MUNICIPAL  
4 CORPORATIONS AND DISTRICTS. This chapter does not:

5 (1) impair or affect the powers, rights, or duties of  
6 any municipal corporation or conservation and reclamation district  
7 created wholly or partly in the authority; or

8 (2) require a municipal corporation or conservation  
9 and reclamation district described by Subdivision (1) to contract  
10 with the authority for the corporation's or district's water  
11 supply. (Acts 59th Leg., R.S., Ch. 712, Sec. 4(b).)

12 Source Law

13 (b) Nothing herein shall be construed as  
14 impairing or affecting the powers, authority, rights,  
15 or duties of any municipal corporation or conservation  
16 and reclamation district heretofore or hereafter  
17 created within, or partially within, the boundaries of  
18 the District or to require any such corporation or  
19 district to contract with the District for its water  
20 supply.

21 Revisor's Note

22 Section 4(b), Chapter 712, Acts of the 59th  
23 Legislature, Regular Session, 1965, refers to  
24 municipal corporations and conservation and  
25 reclamation districts "heretofore or hereafter"  
26 created in the authority. The quoted language does not  
27 exclude any corporation or district based on the time  
28 the corporation or district was created and therefore  
29 does not impose an effective limitation on the time  
30 during which a corporation or district may be created.  
31 The revised law omits the quoted language because it  
32 does not add to the clear meaning of the law.

33 Revisor's Note  
34 (End of Subchapter)

35 (1) Section 3(g), Chapter 712, Acts of the 59th  
36 Legislature, Regular Session, 1965, provides that the  
37 authority may sue and be sued in its corporate name.  
38 The revised law omits that provision because it

1 duplicates part of Section 49.066, Water Code. The  
2 omitted law reads:

3 Sec. 3. . . . [Without in any way  
4 limiting the generalization of the  
5 foregoing, it is expressly provided that  
6 the District shall have, and is hereby  
7 authorized to exercise, the following  
8 rights, powers, privileges and functions:]

9 . . .  
10 (g) to sue and be sued in its  
11 corporate name;  
12 . . .

13 (2) Section 3(j), Chapter 712, Acts of the 59th  
14 Legislature, Regular Session, 1965, provides that the  
15 authority may make bylaws for the management and  
16 regulation of its affairs. The revised law omits that  
17 provision because it duplicates, in substance, part of  
18 Section 49.057(g), Water Code, which provides that a  
19 district's board may adopt bylaws to govern the  
20 district's affairs. The omitted law reads:

21 Sec. 3. . . . [Without in any way  
22 limiting the generalization of the  
23 foregoing, it is expressly provided that  
24 the District shall have, and is hereby  
25 authorized to exercise, the following  
26 rights, powers, privileges and functions:]

27 . . .  
28 (j) to make bylaws for management and  
29 regulation of its affairs;  
30 . . .

31 (3) Section 4(f), Chapter 712, Acts of the 59th  
32 Legislature, Regular Session, 1965, provides that the  
33 powers, rights, privileges, and functions conferred on  
34 the authority are subject to the continuing rights of  
35 supervision by the state as provided by the Water Code.  
36 The revised law omits that provision as unnecessary.  
37 Section 12.081, Water Code, subjects certain special  
38 districts and authorities, including the authority, to  
39 supervision by the Texas Commission on Environmental  
40 Quality. Any other applicable provisions of the Water  
41 Code apply by their own terms. The omitted law reads:

42 (f) The powers, rights, privileges,  
43 and functions conferred upon the District  
44 shall be subject to the continuing rights of



1 supervision by the State, as provided by the  
2 Water Code, as amended.

3 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

4 Revised Law

5 Sec. 11018.0401. DEPOSITORY. The board by resolution shall  
6 designate one or more banks to serve as the authority's depository.  
7 (Acts 59th Leg., R.S., Ch. 712, Sec. 10 (part).)

8 Source Law

9 Sec. 10. As soon as practicable after the  
10 qualification of the first Board of Directors of said  
11 District, and from time to time thereafter the Board of  
12 Directors shall by resolution designate one or more  
13 banks to serve as the District's depository, and  
14 . . . .

15 Revisor's Note

16 (1) Section 10, Chapter 712, Acts of the 59th  
17 Legislature, Regular Session, 1965, requires the board  
18 to select a depository bank "[a]s soon as practicable  
19 after the qualification of the first Board of  
20 Directors of said District" and "from time to time  
21 thereafter." The revised law omits "[a]s soon as  
22 practicable after the qualification of the first Board  
23 of Directors of said District" as executed. The  
24 revised law omits "from time to time thereafter"  
25 because the imposition of a duty implies the power to  
26 discharge the duty at any time.

27 (2) Section 10, Chapter 712, Acts of the 59th  
28 Legislature, Regular Session, 1965, requires  
29 authority money to be secured in the manner provided  
30 for the security of county money. The revised law  
31 omits that provision because it duplicates, in  
32 substance, Sections 2257.021 and 2257.022, Government  
33 Code, which establish the amount and manner of  
34 security required for a deposit of public funds. Those  
35 sections apply to the security for authority money  
36 under Sections 2257.002 and 2257.004, Government Code.  
37 The omitted law reads:



1 Revisor's Note  
2 (End of Subchapter)

3 Section 3(i), Chapter 712, Acts of the 59th  
4 Legislature, Regular Session, 1965, authorizes the  
5 authority to invest and reinvest the authority's  
6 money. The revised law omits that provision as  
7 superseded by Subchapter A, Chapter 2256, Government  
8 Code (enacted as Chapter 889, Acts of the 70th  
9 Legislature, Regular Session, 1987), which governs the  
10 investments of certain public entities. The omitted  
11 law reads:

12 Sec. 3. . . . [Without in any way  
13 limiting the generalization of the  
14 foregoing, it is expressly provided that  
15 the District shall have, and is hereby  
16 authorized to exercise, the following  
17 rights, powers, privileges and functions:]

18 . . .  
19 (i) to invest and reinvest its funds;  
20 . . .

21 SUBCHAPTER E. BORROWED MONEY OR GRANTS

22 Revised Law

23 Sec. 11018.0501. LOANS AND GRANTS. The authority may:

24 (1) borrow money for the authority's corporate  
25 purposes;

26 (2) borrow money, apply for and receive a loan, secure  
27 obligations under a loan or other contract for borrowed money with a  
28 pledge of authority revenues or the proceeds of future borrowings,  
29 and accept a grant or contribution, directly or indirectly, from  
30 any person, including this state, the United States, or a  
31 corporation, agency, or entity created or designated by this state  
32 or the United States and, in connection with a loan, grant, or  
33 contribution, enter into any agreement this state, the United  
34 States, or the corporation, agency, or entity requires;

35 (3) make and issue bonds or notes for money borrowed,  
36 in the manner and to the extent provided by this chapter; and

37 (4) refund or refinance any outstanding bonds, notes,  
38 or loans, and make and issue bonds or notes for those purposes in  
39 the manner provided by this chapter. (Acts 59th Leg., R.S., Ch.

1 712, Sec. 3 (part).)

2 Source Law

3 Sec. 3. . . . it is expressly provided that the  
4 District shall have, and is hereby authorized to  
5 exercise, the following rights, powers, privileges and  
6 functions:

7 . . .  
8 (m) to borrow money for its corporate purposes  
9 and, without limiting the generality of the foregoing,  
10 to borrow money, apply for and receive loans, secure  
11 obligations under a loan or other contract for  
12 borrowed money with a pledge of district revenues or  
13 the proceeds of future borrowings, and accept grants  
14 or contributions, directly or indirectly, from  
15 persons, including the State of Texas, the United  
16 States of America, or from any corporation, agency, or  
17 entity created or designated by the State of Texas or  
18 the United States of America, and in connection with  
19 any such loan, grant, or contribution, to enter into  
20 such agreements as the State of Texas, the United  
21 States of America, or any such corporation, agency, or  
22 entity may require; and to make and issue its  
23 negotiable bonds or notes for money borrowed, in the  
24 manner and to the extent provided in this Act, and to  
25 refund or refinance any outstanding bonds, notes, or  
26 loans, and to make and issue its negotiable bonds or  
27 notes therefor in the manner provided in this Act.

28 Revisor's Note

29 Section 3(m), Chapter 712, Acts of the 59th  
30 Legislature, Regular Session, 1965, authorizes the  
31 authority to issue "negotiable" bonds or notes. The  
32 revised law omits the reference to "negotiable" bonds  
33 or notes because Section 1201.041, Government Code,  
34 provides that a public security is a negotiable  
35 instrument. Throughout this chapter, the revised law  
36 omits law that is superseded by or duplicates law in  
37 Chapter 1201, Government Code, which applies to  
38 authority bonds and notes under Sections 1201.002 and  
39 1201.003 of that code.

40 Revised Law

41 Sec. 11018.0502. AUTHORITY TO ISSUE BONDS. (a) The  
42 authority may issue bonds for any of the authority's corporate  
43 purposes.

44 (b) Authority bonds must be authorized by a board  
45 resolution. (Acts 59th Leg., R.S., Ch. 712, Sec. 7 (part).)



1 deem necessary for any such corporate purposes, or (3)  
2 issued in exchange for like principal amounts of other  
3 obligations of the District, matured or unmatured.  
4 . . .

5 Revisor's Note

6 (1) Section 7, Chapter 712, Acts of the 59th  
7 Legislature, Regular Session, 1965, provides that  
8 authority bonds may be sold "at public or private  
9 sale." The revised law omits the quoted language  
10 because it duplicates Section 1201.022(a)(3)(A),  
11 Government Code.

12 (2) Section 7, Chapter 712, Acts of the 59th  
13 Legislature, Regular Session, 1965, provides that  
14 authority bonds may be sold at "such price or prices as  
15 the Board shall determine." The revised law omits the  
16 quoted language because it is superseded by general  
17 law. Section 1201.022, Government Code, as amended in  
18 2001, provides that an issuer may sell public  
19 securities "under the terms determined by the  
20 governing body of the issuer to be in the issuer's best  
21 interests." In addition, Section 1204.006(b),  
22 Government Code (enacted as Section 2, Chapter 3, Acts  
23 of the 61st Legislature, Regular Session, 1969  
24 (Article 717k-2, Vernon's Texas Civil Statutes)),  
25 provides that an issuer may sell public securities at  
26 any price. Section 1204.006(b), Government Code,  
27 applies to authority bonds under Sections 1204.001 and  
28 1204.002 of that code. The omitted law reads:

29 Sec. 7. . . . [Such bonds may either  
30 be (1) sold] . . . at such price or prices  
31 as the Board shall determine, provided that  
32 . . . .

33 (3) Section 7, Chapter 712, Acts of the 59th  
34 Legislature, Regular Session, 1965, authorizes the  
35 sale of authority bonds at an interest rate calculated  
36 in accordance with Chapter 1204, Government Code. The  
37 revised law omits that provision because Chapter 1204,

1 Government Code, applies to authority bonds on its own  
2 terms under Sections 1204.001 and 1204.002 of that  
3 code. The omitted law reads:

4 Sec. 7. . . . [Such bonds may . . .  
5 be . . . sold for cash . . . provided that]  
6 the net effective interest rate, calculated  
7 in accordance with Chapter 1204, Government  
8 Code, or . . . .

9 Revised Law

10 Sec. 11018.0504. DEPOSIT OF PROCEEDS. The proceeds of sale  
11 of authority bonds shall be deposited in one or more banks or trust  
12 companies, and shall be paid out according to the terms, on which  
13 the authority and the purchasers of the bonds agree. (Acts 59th  
14 Leg., R.S., Ch. 712, Sec. 7 (part).)

15 Source Law

16 Sec. 7. . . . The proceeds of sale of such bonds  
17 shall be deposited in such bank or banks or trust  
18 company or trust companies, and shall be paid out  
19 pursuant to such terms and conditions, as may be agreed  
20 upon between the District and the purchasers of such  
21 bonds. . . .

22 Revisor's Note

23 Section 7, Chapter 712, Acts of the 59th  
24 Legislature, Regular Session, 1965, refers to the  
25 "terms and conditions" under which proceeds of the  
26 sale of authority bonds shall be paid out. The revised  
27 law omits "conditions" as included in the meaning of  
28 "terms."

29 Revised Law

30 Sec. 11018.0505. RESOLUTION PROVISIONS. (a) A resolution  
31 authorizing bonds may contain provisions approved by the board,  
32 including provisions:

33 (1) reserving the right to redeem the bonds or  
34 requiring the redemption of the bonds, at the time, in the amount,  
35 and at the price as may be provided;

36 (2) providing for the setting aside of sinking funds  
37 or reserve funds and the regulation and disposition of those funds;

38 (3) securing the payment of the principal of and

1 interest on the bonds and of the sinking fund or reserve fund  
2 payments associated with the bonds by pledging:

3 (A) all or any part of the gross or net revenue  
4 subsequently received by the authority with respect to the property  
5 to be acquired or constructed with the bonds or the proceeds of the  
6 bonds; or

7 (B) all or any part of the gross or net revenue  
8 subsequently received by the authority from any source;

9 (4) prescribing the purposes to which the bonds or any  
10 bonds subsequently issued, or the proceeds of the bonds, may be  
11 applied;

12 (5) agreeing to impose rates and charges sufficient to  
13 produce revenue adequate to:

14 (A) pay all expenses necessary to the operation,  
15 maintenance, and replacement of and additions to the authority's  
16 property and facilities;

17 (B) pay the principal of, and the interest and  
18 premium, if any, on bonds issued under this chapter when the bonds  
19 become due and payable;

20 (C) pay all sinking fund or reserve fund payments  
21 for those bonds out of those revenues as and when they become due  
22 and payable;

23 (D) fulfill the terms of any agreements made with  
24 the bondholders or with any person on the bondholder's behalf; and

25 (E) discharge all other lawful obligations of the  
26 authority as and when the obligations become due;

27 (6) prescribing limitations on the issuance of  
28 additional bonds and subordinate lien bonds and on the agreements  
29 that may be made with the purchasers and successive holders of those  
30 bonds;

31 (7) regarding the construction, extension,  
32 improvement, reconstruction, operation, maintenance, and repair of  
33 the authority's properties and the carrying of insurance on all or  
34 any part of those properties covering loss, damage, or loss of use



1 and occupancy resulting from specified risks;

2 (8) setting the procedure, if any, by which the  
3 authority may change the terms of a contract with the bondholders,  
4 the amount of bonds the holders of which must consent to that  
5 change, and the manner in which the consent may be given; and

6 (9) providing for the execution and delivery by the  
7 authority to a bank or trust company authorized by law to accept  
8 trusts, or to the United States or any officer of the United States,  
9 of indentures and agreements for the benefit of the bondholders and  
10 any other provisions that are customary in such indentures or  
11 agreements.

12 (b) A provision authorized by this section that is contained  
13 in a bond resolution is part of the contract between the authority  
14 and the bondholders. (Acts 59th Leg., R.S., Ch. 712, Sec. 7  
15 (part).)

16 Source Law

17 Sec. 7. . . . Any resolution or resolutions  
18 authorizing any bonds may contain provisions, which  
19 shall be part of the contract between the District and  
20 the holders thereof from time to time:

21 (a) reserving the right to redeem such bonds or  
22 requiring the redemption of such bonds, at such time or  
23 times, in such amounts and at such prices, as may be  
24 provided;

25 (b) providing for the setting aside of sinking  
26 funds or reserve funds and the regulation and  
27 disposition thereof;

28 (c) pledging to secure the payment of the  
29 principal of and interest on such bonds and of the  
30 sinking fund or reserve fund payments agreed to be made  
31 in respect of such bonds all or any part of the gross or  
32 net revenues thereafter received by the District in  
33 respect of the property, real, personal, or mixed, to  
34 be acquired and/or constructed with such bonds or the  
35 proceeds thereof, or all or any part of the gross or  
36 net revenues thereafter received by the District from  
37 whatever source derived;

38 (d) prescribing the purposes to which such bonds  
39 or any bonds thereafter to be issued, or the proceeds  
40 thereof, may be applied;

41 (e) agreeing to fix and collect rates and  
42 charges sufficient to produce revenues adequate to pay  
43 (1) all expenses necessary to the operation and  
44 maintenance and replacements and additions to the  
45 properties and facilities of the District; (2) the  
46 principal of, and the interest and premium, if any, on  
47 bonds issued under this Act as and when the same became  
48 due and payable; (3) all sinking fund and/or reserve  
49 fund payments agreed to be made in respect of any such  
50 bonds out of such revenues as and when the same became  
51 due and payable, and to fulfill the terms of any

1 agreements made with the holders of such bonds and/or  
2 with any person on their behalf and to discharge all  
3 other lawful obligations of the District as and when  
4 the same become due;

5 (f) prescribing limitations upon the issuance  
6 of additional bonds and subordinate lien bonds and  
7 upon the agreements which may be made with the  
8 purchasers and successive holders thereof;

9 (g) with regard to the construction, extension,  
10 improvement, reconstruction, operation, maintenance,  
11 and repair of the properties of the District and  
12 carrying of insurance upon all or any part of said  
13 properties covering loss or damage or loss of use and  
14 occupancy resulting from specified risks;

15 (h) fixing the procedure, if any, by which, if  
16 the District shall so desire, the terms of any contract  
17 with the holders of such bonds may be amended or  
18 abrogated, the amount of bonds the holders of which  
19 must consent thereto, and the manner in which such  
20 consent may be given;

21 (i) for the execution and delivery by the  
22 District to a bank or trust company authorized by law  
23 to accept trusts, or to the United States of America or  
24 any officer or agency thereof, of indentures and  
25 agreements for the benefit of the holders of such bonds  
26 and such other provisions as may be customary in such  
27 indentures or agreements; and

28 (j) such other provisions, as the Board may  
29 approve.

30 . . .

31 Revisor's Note

32 (1) Section 7, Chapter 712, Acts of the 59th  
33 Legislature, Regular Session, 1965, provides that  
34 provisions of the resolution authorizing bonds are  
35 "part of the contract between the District and the  
36 holders thereof from time to time." The revised law  
37 omits "from time to time" because, to the extent the  
38 language modifies "the contract [made]," the power to  
39 make a contract includes the power to do so at any  
40 time, and to the extent the language modifies "the  
41 holders [of District bonds]," "bondholder" includes  
42 anyone holding a bond at any time the statute is read.

43 (2) Section 7(a), Chapter 712, Acts of the 59th  
44 Legislature, Regular Session, 1965, provides that a  
45 resolution authorizing bonds may reserve the right to  
46 redeem or require the redemption of the bonds at a time  
47 "or times" provided by the resolution. The revised law  
48 omits the quoted language because Section 311.012(b),  
49 Government Code (Code Construction Act), provides that

1 a reference to the singular includes the plural and  
2 vice versa. Throughout this chapter, similar  
3 provisions in the source law that use a noun in both  
4 its singular and plural forms are revised using only  
5 the singular form.

6 (3) Section 7(e), Chapter 712, Acts of the 59th  
7 Legislature, Regular Session, 1965, provides that a  
8 resolution authorizing bonds may contain provisions  
9 under which the authority agrees to "fix and collect"  
10 rates and charges. The revised law substitutes  
11 "impose" for the quoted language because, in context,  
12 the language has the same meaning and "impose" is more  
13 commonly used.

14 (4) Section 7(h), Chapter 712, Acts of the 59th  
15 Legislature, Regular Session, 1965, provides that the  
16 authority may set the procedure, if any, by which the  
17 terms of bond contracts may be "amended or abrogated."  
18 The revised law substitutes "change" for the quoted  
19 language because, in context, the terms have the same  
20 meaning and "change" is more commonly used.

21 (5) Section 7(i), Chapter 712, Acts of the 59th  
22 Legislature, Regular Session, 1965, refers to the  
23 "United States of America or any . . . agency  
24 thereof." The revised law omits the reference to an  
25 agency of the United States because under Section  
26 311.005(9), Government Code (Code Construction Act),  
27 "United States" includes an agency of the United  
28 States.

29 Revised Law

30 Sec. 11018.0506. BOND ANTICIPATION NOTES AND LOANS FOR  
31 EMERGENCIES. (a) The board may declare an emergency because money  
32 is not available to pay principal of and interest on any bonds of  
33 the authority or to meet any other needs of the authority and may  
34 issue bond anticipation notes or enter into a loan to pay the costs

1 to meet the emergency need.

2 (b) Bond anticipation notes may bear interest at a rate not  
3 to exceed 10 percent and must mature not later than one year after  
4 their date of issuance. The bond anticipation notes must be taken  
5 up with the proceeds of bonds, or the bonds may be issued and  
6 delivered in exchange for the bond anticipation notes.

7 (c) A loan under Subsection (a) may be secured by a pledge of  
8 and made payable from authority revenue or the proceeds of a future  
9 series of bonds. (Acts 59th Leg., R.S., Ch. 712, Sec. 7(k).)

10 Source Law

11 (k) The Board may declare an emergency in the  
12 matter of funds not being available to pay principal of  
13 and interest on any bonds of the District or to meet  
14 any other needs of the District and may issue bond  
15 anticipation notes or enter into a loan to pay the  
16 costs to meet the emergency need. A loan under this  
17 subsection may be secured by a pledge of and made  
18 payable from district revenues or the proceeds of a  
19 future series of bonds. Bond anticipation notes may  
20 bear interest at any rate or rates not to exceed 10  
21 percent and shall mature within one (1) year of their  
22 date. The bond anticipation notes so issued will be  
23 taken up with the proceeds of bonds, or the bonds may  
24 be issued and delivered in exchange for and in  
25 substitution of such notes.

26 Revisor's Note

27 (1) Section 7(k), Chapter 712, Acts of the 59th  
28 Legislature, Regular Session, 1965, refers to  
29 authority "funds." Throughout this chapter, the  
30 revised law substitutes "money" for "funds" because,  
31 in context, the terms have the same meaning and "money"  
32 is more commonly used.

33 (2) Section 7(k), Chapter 712, Acts of the 59th  
34 Legislature, Regular Session, 1965, provides that  
35 bonds may be "issued and delivered in exchange for and  
36 in substitution of" bond anticipation notes. The  
37 revised law omits the reference to "substitution"  
38 because, in context, "substitution" is included in the  
39 meaning of "exchange."

40 Revised Law

41 Sec. 11018.0507. REFUNDING BONDS. (a) The authority may

1 make and issue bonds for the purpose of refunding or refinancing  
2 outstanding bonds or notes authorized and issued by the authority  
3 under this chapter or other law and the interest and premium, if  
4 any, on the bonds or notes to maturity or on any earlier redemption  
5 date specified in the resolution authorizing the issuance of the  
6 refunding bonds. In this section, a reference to outstanding bonds  
7 includes outstanding notes.

8 (b) Refunding bonds may:

9 (1) be issued to refund more than one series of  
10 outstanding bonds;

11 (2) combine the pledges of the outstanding bonds for  
12 the security of the refunding bonds; or

13 (3) be secured by other or additional revenue.

14 (c) The provisions of this chapter regarding the issuance of  
15 bonds, the terms and provisions of bonds, and the remedies of the  
16 bondholders apply to refunding bonds.

17 (d) The comptroller shall register the refunding bonds on  
18 the surrender and cancellation of the bonds to be refunded.

19 (e) Instead of issuing bonds to be registered on the  
20 surrender and cancellation of the bonds to be refunded, the  
21 authority, in the resolution authorizing the issuance of refunding  
22 bonds, may provide for the sale of the refunding bonds and the  
23 deposit of the proceeds at the places at which the bonds to be  
24 refunded are payable. In that case, the refunding bonds may be  
25 issued in an amount sufficient to pay the interest and premium, if  
26 any, on the bonds to be refunded to the bonds' maturity date or  
27 specified earlier redemption date, and the comptroller shall  
28 register the refunding bonds without the concurrent surrender and  
29 cancellation of the bonds to be refunded.

30 (f) The authority may also refund outstanding bonds in the  
31 manner provided by applicable general law. (Acts 59th Leg., R.S.,  
32 Ch. 712, Sec. 7(o).)

33 Source Law

34 (o) The District is authorized to make and issue

1 bonds (herein called "refunding bonds") for the  
2 purpose of refunding or refinancing any outstanding  
3 bonds or notes authorized and issued by the District  
4 pursuant to this Act or other law (herein called  
5 "bonds") and the interest and premium, if any, thereon  
6 to maturity or on any earlier redemption date  
7 specified in the resolution authorizing the issuance  
8 of the refunding bonds. Such refunding bonds may be  
9 issued to refund more than one series of outstanding  
10 bonds, may combine the pledges of the outstanding  
11 bonds for the security of the refunding bonds, or may  
12 be secured by other or additional revenues. All  
13 provisions of this Act with reference to the issuance  
14 of bonds, the terms and provisions thereof, their  
15 approval by the Attorney General, and the remedies of  
16 the bondholders shall be applicable to refunding  
17 bonds. Refunding bonds shall be registered by the  
18 Comptroller upon surrender and cancellation of the  
19 bonds to be refunded, but in lieu thereof, the  
20 resolution authorizing the issuance of refunding bonds  
21 may provide that they shall be sold and the proceeds  
22 thereof deposited at the places at which the original  
23 bonds are payable, in which case the refunding bonds  
24 may be issued in an amount sufficient to pay the  
25 interest and premium, if any, on the original bonds to  
26 their maturity date or specified earlier redemption  
27 date, and the Comptroller will register them without  
28 concurrent surrender and cancellation of the original  
29 bonds. The District may also refund any outstanding  
30 bonds in the manner provided by any applicable General  
31 Law.

32 Revisor's Note

33 Section 7(o), Chapter 712, Acts of the 59th  
34 Legislature, Regular Session, 1965, refers to  
35 provisions relating to the "approval [of authority  
36 bonds] by the Attorney General" and applies those  
37 provisions to refunding bonds. The revised law omits  
38 the quoted language because that language and the  
39 provisions of the chapter to which it refers are  
40 superseded by Section 1202.003, Government Code,  
41 enacted in 1987 as Section 3.002(a), Chapter 53, Acts  
42 of the 70th Legislature, 2nd Called Session (Article  
43 717k-8, Vernon's Texas Civil Statutes), which provides  
44 for approval of public securities by the attorney  
45 general. Throughout this chapter, the revised law  
46 omits law that is superseded by or duplicates law in  
47 Chapter 1202, Government Code, which applies to  
48 authority bonds under Sections 1202.001 and  
49 1202.003(c) of that code.

1 Revised Law

2 Sec. 11018.0508. CHARGES, FEES, AND TOLLS FOR SERVICES.

3 (a) The board shall impose charges, fees, or tolls for services  
4 rendered by a property or facility the revenue of which is pledged  
5 to secure bonds issued or loans received by the authority at a rate  
6 or in an amount at least sufficient to comply with each covenant or  
7 provision in the order authorizing the issuance of the bonds.

8 (b) Regardless of whether the revenue is pledged to the  
9 payment of bonds, the authority may impose a penalty for the failure  
10 to pay when due those charges, fees, or tolls. (Acts 59th Leg.,  
11 R.S., Ch. 712, Sec. 8.)

12 Source Law

13 Sec. 8. (a) When any of such revenues are  
14 pledged to the payment of any bonds issued by said  
15 District or loans received by the District, it shall be  
16 the right and duty of the District's Board of Directors  
17 to cause to be fixed, maintained and enforced charges,  
18 fees or tolls for services rendered by properties and  
19 facilities, the revenues of which have been pledged,  
20 at rates and amounts at least sufficient to comply with  
21 and carry out the covenants and provisions contained  
22 in the order or orders authorizing the issuance of said  
23 bonds.

24 (b) Regardless of whether the revenues are  
25 pledged to the payment of bonds, the District shall  
26 have the right to impose penalties for failure to pay,  
27 when due, such charges, fees or tolls.

28 Revisor's Note

29 (1) Section 8(a), Chapter 712, Acts of the 59th  
30 Legislature, Regular Session, 1965, provides that "it  
31 shall be the right and duty" of the board to fix,  
32 maintain, and enforce charges, fees, or tolls for  
33 certain services. The revised law substitutes "shall"  
34 for the reference to the board's right and duty because  
35 under Section 311.016(2), Government Code (Code  
36 Construction Act), the word "shall" imposes a duty on  
37 the actor, and it is not necessary to provide a person  
38 with the right to perform an act that the person is  
39 required to perform.

40 (2) Section 8(a), Chapter 712, Acts of the 59th  
41 Legislature, Regular Session, 1965, authorizes the

1 authority's board to "cause to be fixed, maintained and  
2 enforced" charges, fees, and tolls for certain  
3 services. The revised law substitutes "impose" for  
4 the quoted language for the reason stated in Revisor's  
5 Note (3) to Section 11018.0505.

6 Revisor's Note  
7 (End of Subchapter)

8 (1) Section 6, Chapter 712, Acts of the 59th  
9 Legislature, Regular Session, 1965, lists the entities  
10 for which authority bonds are legal and authorized  
11 investments. The revised law omits those provisions  
12 as unnecessary. The part of Section 6 regarding banks,  
13 savings banks, trust companies, and building and loan  
14 associations is superseded and impliedly repealed by  
15 or duplicates other law. Investments in securities by  
16 banks are regulated by Section 34.101, Finance Code  
17 (enacted in 1995 as Section 5.101, Texas Banking Act  
18 (Article 342-5.101, Vernon's Texas Civil Statutes)).  
19 Investments by savings banks are regulated by Section  
20 93.001(c)(10), Finance Code (enacted in 1993 as  
21 Section 7.15(10), Texas Savings Bank Act (Article  
22 489e, Vernon's Texas Civil Statutes)). Investments in  
23 securities by trust companies are regulated by Section  
24 184.101, Finance Code (enacted in 1997 as Section  
25 5.101, Texas Trust Company Act (Article 342a-5.101,  
26 Vernon's Texas Civil Statutes)). Investments in  
27 securities by building and loan associations (now  
28 called savings and loan associations) are regulated by  
29 Sections 63.002 and 64.001, Finance Code. The part of  
30 Section 6 regarding insurance companies, fiduciaries,  
31 trustees, and sinking funds is superseded by Section  
32 1201.041, Government Code. The omitted law reads:

33 Sec. 6. The bonds of the District  
34 shall be and are hereby declared to be legal  
35 and authorized investments for banks,  
36 savings banks, trust companies, building



1 and loan associations, savings and loan  
2 associations, insurance companies,  
3 fiduciaries, trustees, and for the sinking  
4 fund of cities, towns, villages, counties,  
5 school districts, or other political  
6 corporations or subdivisions of the State  
7 of Texas. . . .

8 (2) Section 6, Chapter 712, Acts of the 59th  
9 Legislature, Regular Session, 1965, provides that  
10 authority bonds may secure deposits of public funds of  
11 the state or political subdivisions. The revised law  
12 omits the part of Section 6 relating to the use of  
13 authority bonds as security for deposits of state  
14 funds as impliedly repealed by Section 404.0221,  
15 Government Code (enacted in 1995), which lists  
16 eligible collateral for deposits of state funds by the  
17 comptroller, and by Section 404.031, Government Code  
18 (enacted in 1985 as Section 3.001, Article 4393-1,  
19 Vernon's Texas Civil Statutes), which provides for the  
20 valuation of that collateral. The revised law omits  
21 the part of Section 6 relating to securing deposits of  
22 other funds as impliedly repealed by Chapter 2257,  
23 Government Code (enacted in 1989 as Article 2592d,  
24 Vernon's Texas Civil Statutes), which governs eligible  
25 collateral for deposits of funds of other public  
26 agencies, including political subdivisions, and  
27 permits those deposits to be secured by obligations  
28 issued by conservation and reclamation districts. The  
29 omitted law reads:

30 Sec. 6. . . . Such bonds shall be  
31 eligible to secure the deposit of any and  
32 all public funds of the State of Texas, and  
33 any and all public funds of cities, towns,  
34 villages, counties, school districts, or  
35 other political corporations or  
36 subdivisions of the State of Texas; and such  
37 bonds shall be lawful and sufficient  
38 security for said deposits to the extent of  
39 their value, when accompanied by all  
40 unmatured coupons pertinent thereto.

41 (3) Section 7, Chapter 712, Acts of the 59th  
42 Legislature, Regular Session, 1965, provides that a

1 resolution authorizing the issuance of bonds by the  
2 authority may specify the date or dates of the bonds  
3 and the date of maturity of the bonds. The revised law  
4 omits that provision because it duplicates, in  
5 substance, parts of Sections 1201.021, 1201.022, and  
6 1201.024, Government Code, which provide for the  
7 characteristics, terms of issuance, and form of a  
8 public security. The omitted law reads:

9           Sec. 7. . . . [All such bonds] . . .  
10           shall bear such date or dates, mature at  
11           such time or times, . . . as such resolution  
12           or resolutions may provide. . . .

13           (4) Section 7, Chapter 712, Acts of the 59th  
14 Legislature, Regular Session, 1965, provides that  
15 authority bonds may bear interest as provided by the  
16 bond resolution. The revised law omits that provision  
17 because it duplicates Section 1201.021(2), Government  
18 Code. The omitted law reads:

19           Sec. 7. . . . [All such bonds . . .  
20           shall] . . . bear interest . . . [as such  
21           resolution or resolutions may provide.]  
22           . . .

23           (5) Section 7, Chapter 712, Acts of the 59th  
24 Legislature, Regular Session, 1965, provides that  
25 interest on authority bonds may be payable annually,  
26 semiannually, or otherwise, as provided by the bond  
27 resolution. The revised law omits that provision  
28 because it duplicates, in substance, Section  
29 1201.021(5), Government Code, which provides in part  
30 that a public security may be payable at the times and  
31 in the amounts specified by the governing body of the  
32 issuer. The omitted law reads:

33           Sec. 7. . . . [All such bonds . . .  
34           shall . . . bear interest] payable  
35           annually, semiannually, or otherwise, . . .  
36           [as such resolution or resolutions may  
37           provide.] . . .

38           (6) Section 7, Chapter 712, Acts of the 59th  
39 Legislature, Regular Session, 1965, provides that

1 authority bonds may be in the denominations provided  
2 by the bond resolution. The revised law omits that  
3 provision because it duplicates, in substance, Section  
4 1201.021(1), Government Code, which provides that a  
5 public security may be issued in any denomination. The  
6 omitted law reads:

7           Sec. 7. . . . [All such bonds . . .  
8           shall] . . . be in such denominations,  
9           . . . [as such resolution or resolutions  
10           may provide.] . . .

11           (7) Section 7, Chapter 712, Acts of the 59th  
12 Legislature, Regular Session, 1965, provides that a  
13 resolution authorizing the issuance of bonds by the  
14 authority may specify the form of the bonds. The  
15 revised law omits that provision because it is  
16 superseded by or duplicates, in substance, Sections  
17 1201.021 and 1201.024, Government Code, which provide  
18 for the form and characteristics of a public security.  
19 The omitted law reads:

20           Sec. 7. . . . [All such bonds . . .  
21           shall] . . . be in such form, either coupon  
22           or registered, . . . [as such resolution or  
23           resolutions may provide.] . . .

24           (8) Section 7, Chapter 712, Acts of the 59th  
25 Legislature, Regular Session, 1965, describes  
26 registration and exchange privileges for authority  
27 bonds. The revised law omits those provisions because  
28 they duplicate, in substance, Section 1201.022(a)(4),  
29 Government Code, and part of Section 1201.024,  
30 Government Code. Section 1201.022(a)(4), Government  
31 Code, provides that a public security may be issued  
32 with specified characteristics, on specified terms, or  
33 in a specified manner, and that law is sufficient  
34 authority for authority bonds to be exchangeable for  
35 bonds of another denomination. Section 1201.024,  
36 Government Code, provides that a public security may  
37 be registrable as to principal and interest or only as

1 to principal and that an issuer may provide that coupon  
2 bonds are exchangeable for registered bonds and vice  
3 versa. The omitted law reads:

4           Sec. 7. . . . [All such bonds . . .  
5 shall] . . . carry such registration  
6 privileges as to principal only or as to  
7 both principal and interest, and as to  
8 exchange of coupon bonds for registered  
9 bonds or vice versa, and exchange of bonds  
10 of one denomination for bonds of other  
11 denominations, . . . [as such resolution or  
12 resolutions may provide.] . . .

13           (9) Section 7, Chapter 712, Acts of the 59th  
14 Legislature, Regular Session, 1965, provides that a  
15 resolution that authorizes the issuance of authority  
16 bonds may specify the manner of execution of the bonds  
17 issued. The revised law omits that provision because  
18 it duplicates, in substance, Section 1201.026,  
19 Government Code, which provides for execution of a  
20 public security. The omitted law reads:

21           Sec. 7. . . . [All such bonds . . .  
22 shall] . . . be executed in such manner and  
23 . . . [as such resolution or resolutions  
24 may provide.] . . .

25           (10) Section 7, Chapter 712, Acts of the 59th  
26 Legislature, Regular Session, 1965, provides that  
27 authority bonds may be payable at the place or places  
28 inside or outside this state as provided by the bond  
29 resolution. The revised law omits that provision  
30 because it duplicates, in substance, Section  
31 1201.021(5)(C), Government Code, which provides that a  
32 public security may be payable at a specified place or  
33 places. The omitted law reads:

34           Sec. 7. . . . [All such bonds . . .  
35 shall] . . . be payable at such place or  
36 places within or without the State of Texas,  
37 [as such resolution or resolutions may  
38 provide.] . . .

39           (11) Section 7(1), Chapter 712, Acts of the 59th  
40 Legislature, Regular Session, 1965, provides that  
41 before bonds may be sold, exchanged, or substituted by

1 the authority, a certified copy of the proceedings for  
2 the issuance of the bonds and other information must be  
3 submitted to the attorney general. It also provides  
4 that if the attorney general finds that the bonds have  
5 been issued in accordance with law and approves the  
6 bonds, the attorney general shall execute a  
7 certificate to that effect. In addition, it requires  
8 that the certificate be filed and recorded in the  
9 office of the comptroller and prohibits the issuance  
10 of bonds until they have been registered by the  
11 comptroller. Section 7(1) also requires the  
12 comptroller to register the bonds if the attorney  
13 general files with the comptroller the attorney  
14 general's certificate approving the bonds and the  
15 proceedings for the issuance of the bonds. Finally,  
16 Section 7(n), Chapter 712, Acts of the 59th  
17 Legislature, Regular Session, 1965, provides that the  
18 attorney general shall approve bonds that have been  
19 authorized in compliance with law. The revised law  
20 omits those provisions as duplicative of or superseded  
21 by Chapter 1202, Government Code, enacted as Article  
22 3, Chapter 53, Acts of the 70th Legislature, 2nd Called  
23 Session, 1987 (Article 717k-8, Vernon's Texas Civil  
24 Statutes). Section 1202.003(a), Government Code,  
25 requires bonds to be submitted to the attorney  
26 general. Section 1202.003(b), Government Code,  
27 provides for approval of the bonds by the attorney  
28 general and requires the attorney general to submit  
29 the approved bonds to the comptroller for  
30 registration. Section 1202.005, Government Code,  
31 requires registration of the bonds by the comptroller.  
32 The omitted law reads:

33 (1) Before any bonds shall be sold or  
34 exchanged or substituted by the District, a  
35 certified copy of the proceedings of the

1 issuance thereof, including the form of  
2 such bonds, together with any other  
3 information which the Attorney General of  
4 the State of Texas may require, shall be  
5 submitted to the Attorney General, and if he  
6 shall find that such bonds have been issued  
7 in accordance with law, and if he shall  
8 approve such bonds, he shall execute a  
9 certificate to that effect which shall be  
10 filed in the office of the Comptroller of  
11 the State of Texas and be recorded in a  
12 record kept for that purpose. No bonds shall  
13 be issued until the same shall have been  
14 registered by the Comptroller, who shall so  
15 register the same if the Attorney General  
16 shall have filed with the Comptroller his  
17 certificate approving the bonds and the  
18 proceedings for the issuance thereof as  
19 hereinabove provided.

20 (n) . . . If such bonds have been  
21 authorized and [such contracts made] in  
22 compliance with law, the Attorney General  
23 shall approve the bonds and . . . the bonds  
24 shall then be registered by the Comptroller  
25 of Public Accounts. . . .

26 (12) Section 7(m), Chapter 712, Acts of the 59th  
27 Legislature, Regular Session, 1965, provides that  
28 after approval and registration, authority bonds are  
29 incontestable and binding obligations. The revised law  
30 omits that provision as duplicative of or superseded  
31 by Section 1202.006, Government Code (enacted as  
32 Section 3.002(d), Chapter 53, Acts of the 70th  
33 Legislature, 2nd Called Session, 1987 (Article 717k-8,  
34 Vernon's Texas Civil Statutes)), which provides that  
35 after approval and registration, bonds are  
36 incontestable and binding obligations. The omitted law  
37 reads:

38 (m) All bonds approved by the  
39 Attorney General as aforesaid, and  
40 registered by the Comptroller as aforesaid,  
41 and issued in accordance with the  
42 proceedings so approved shall be valid and  
43 binding obligations of the District and  
44 shall be incontestable for any cause from  
45 and after the time of such registration.

46 (13) Section 7(n), Chapter 712, Acts of the 59th  
47 Legislature, Regular Session, 1965, details various  
48 procedures regarding the submission of contracts the  
49 proceeds of which are pledged to the payment of bonds,

1 together with related proceedings, to the attorney  
2 general, the attorney general's approval of the bond  
3 contracts, and the validity and incontestability of  
4 the approved bonds and bond contracts. The revised law  
5 omits the part of Section 7(n) regarding the  
6 submission of bond contracts and related proceedings  
7 to the attorney general and the attorney general's  
8 approval of the bond contracts as duplicative of or  
9 superseded by Section 1202.003, Government Code  
10 (enacted as Section 3.002(a), Chapter 53, Acts of the  
11 70th Legislature, 2nd Called Session, 1987 (Article  
12 717k-8, Vernon's Texas Civil Statutes)), which  
13 provides that the issuer of a public security shall  
14 submit to the attorney general the public security and  
15 record of proceedings and provides for the attorney  
16 general's approval of the public security. The revised  
17 law omits the part of Section 7(n) regarding the  
18 validity and incontestability of bonds and bond  
19 contracts as duplicative of or superseded by Section  
20 1202.006, Government Code (enacted as Section  
21 3.002(d), Chapter 53, Acts of the 70th Legislature,  
22 2nd Called Session, 1987 (Article 717k-8, Vernon's  
23 Texas Civil Statutes)), which provides that after  
24 approval and registration of bonds, the bonds and bond  
25 contracts are not contestable for any reason. The  
26 omitted law reads:

27 (n) If any bonds recite that they are  
28 secured by a pledge of the proceeds of a  
29 contract, lease, sale or other agreement  
30 (herein called "contract"), a copy of such  
31 contract and the proceedings of the  
32 contracting parties will also be submitted  
33 to the Attorney General. [If such bonds have  
34 been authorized and] such contracts made  
35 [in compliance with law, the Attorney  
36 General shall approve the bonds and]  
37 contracts, and . . . . When so approved,  
38 such bonds and the contracts shall be valid  
39 and binding and shall be incontestable for  
40 any cause from and after the time of such  
41 registration.

1           (14) Section 7(p), Chapter 712, Acts of the 59th  
2           Legislature, Regular Session, 1965, provides that  
3           authority bonds are investment securities within the  
4           meaning of the Uniform Commercial Code. The revised  
5           law omits that provision because it duplicates Section  
6           1201.041(2), Government Code. The omitted law reads:

7                     (p) All bonds issued by the District  
8                     pursuant to the provisions of this Act shall  
9                     constitute investment securities within the  
10                    meaning of the Uniform Commercial Code.

11           (15) Section 7(q), Chapter 712, Acts of the 59th  
12           Legislature, Regular Session, 1965, provides that the  
13           act, without reference to other statutes, is full  
14           authority for the authorization and issuance of bonds  
15           and that no other law with regard to the authorization  
16           or issuance of obligations or the deposit of the  
17           proceeds of obligations, or in any way impeding or  
18           restricting the carrying out of the acts authorized by  
19           the act to be done, applies to any proceedings taken  
20           under the act or acts done pursuant to the act.

21           The revised law omits the statement that the act,  
22           without reference to other statutes, is full authority  
23           for the authorization and issuance of bonds because it  
24           is unnecessary. The operative provisions of the act  
25           are fully effective on their own terms.

26           The revised law omits as unnecessary and  
27           potentially misleading the statement that no other law  
28           with regard to the authorization or issuance of  
29           obligations or the deposit of the proceeds of  
30           obligations, or in any way impeding or restricting the  
31           carrying out of the acts authorized by the act to be  
32           done, applies to any proceedings taken under the act or  
33           acts done pursuant to the act. An accepted general  
34           principle of statutory construction requires a statute  
35           to be given cumulative effect with other statutes



1 unless it provides otherwise or unless the statutes  
2 are in conflict. To the extent the statement means that  
3 the act prevails over other law in existence at the  
4 time the act became effective and with which the act  
5 conflicts, the statement merely restates general rules  
6 of statutory construction. To the extent the statement  
7 means the act prevails over future enactments of the  
8 legislature that may conflict with the act, the  
9 statement is misleading in that one session of the  
10 legislature may not bind a future session of the  
11 legislature. Conflicts between the revised law (which  
12 is a local law) and other laws are governed by Section  
13 311.026, Government Code (Code Construction Act). That  
14 section provides that if there is a conflict between a  
15 general provision of law and a special or local  
16 provision, the special or local provision prevails  
17 unless the general provision is the later enactment  
18 and the manifest intent is that the general provision  
19 prevail. The omitted law reads:

20 (q) This Act, without reference to  
21 other statutes of the State of Texas, shall  
22 constitute full authority for the  
23 authorization and issuance of bonds  
24 hereunder, and no other Act or law with  
25 regard to the authorization or issuance of  
26 obligations or the deposit of the proceeds  
27 thereof, or in any impeding or restricting  
28 the carrying out of the acts herein  
29 authorized to be done shall be construed as  
30 applying to any proceedings taken hereunder  
31 or acts done pursuant hereto.

32 Revisor's Note  
33 (End of Chapter)

34 (1) Section 12, Chapter 712, Acts of the 59th  
35 Legislature, Regular Session, 1965, provides that the  
36 act is severable. The revised law omits that provision  
37 because the same result is produced under Section  
38 311.032, Government Code (Code Construction Act),  
39 which provides that a provision of a statute is  
40 severable from each other provision of the statute

1 that can be given effect. The omitted law reads:

2           Sec. 12. If any word, phrase, clause,  
3 sentence, paragraph, section, or other part  
4 of this Act or the application thereof to  
5 any person or circumstance, shall ever be  
6 held by a court of competent jurisdiction to  
7 be invalid or unconstitutional, the  
8 remainder of the Act and the application of  
9 such word, phrase, clause, sentence,  
10 paragraph, section, or other part of this  
11 Act to other persons or circumstances shall  
12 not be affected thereby.

13           (2) Section 13, Chapter 712, Acts of the 59th  
14 Legislature, Regular Session, 1965, Section 2, Chapter  
15 708, Acts of the 66th Legislature, Regular Session,  
16 1979, Section 2, Chapter 1259, Acts of the 82nd  
17 Legislature, Regular Session, 2011, Section 5, Chapter  
18 943, Acts of the 84th Legislature, Regular Session,  
19 2015, and Section 7, Chapter 390, Acts of the 86th  
20 Legislature, Regular Session, 2019, contain  
21 legislative findings regarding procedural  
22 requirements for legislation affecting the authority  
23 under the constitution and other laws and rules,  
24 including proper legal notice and the filing of  
25 recommendations. The revised law omits those  
26 provisions as executed. The omitted law reads:

27           [Acts 59th Leg., R.S., Ch. 712]

28           Sec. 13. It is determined and found  
29 that a proper and legal notice of the  
30 intention to introduce this Act, setting  
31 forth the general substance of this Act, has  
32 been published at least thirty (30) days and  
33 not more than ninety (90) days prior to the  
34 introduction of this Act in the Legislature  
35 of Texas, in a newspaper having general  
36 circulation in Galveston County, Texas;  
37 that a copy of such notice and a copy of this  
38 Act have been delivered to the Governor of  
39 Texas who has submitted such notice and Act  
40 to the Texas Water Commission, and said  
41 Texas Water Commission has filed its  
42 recommendation as to such Act with the  
43 Governor, Lieutenant Governor and Speaker  
44 of the House of Representatives of Texas  
45 within thirty (30) days from the date such  
46 notice and Act were received by the Texas  
47 Water Commission; and that all the  
48 requirements and provisions of Article XVI,  
49 Section 59(d) of the Constitution of the  
50 State of Texas have been fulfilled and  
51 accomplished as therein provided.

1 [Acts 66th Leg., R.S., Ch. 708]

2 Sec. 2. It is determined and found  
3 that a proper and written notice of the  
4 intention to introduce this Act setting  
5 forth the general substance of this Act has  
6 been published at least 30 days and not more  
7 than 90 days prior to the introduction of  
8 this Act in the Legislature of Texas in a  
9 newspaper having general circulation in  
10 Galveston County, Texas; that a copy of such  
11 notice and a copy of this Act have been  
12 delivered to the governor of Texas who has  
13 submitted such notice and Act to the Texas  
14 Department of Water Resources, and said  
15 Texas Department of Water Resources has  
16 filed its recommendations as to this Act  
17 with the governor, lieutenant governor, and  
18 speaker of the house of representatives  
19 within 30 days from the date such notice and  
20 Act were received by the Texas Department of  
21 Water Resources; and that all the  
22 requirements and provisions of Article XVI,  
23 Section 59(d), of the Texas Constitution  
24 have been fulfilled and accomplished as  
25 herein provided, and that any applicable  
26 requirements and provisions of Article XVI,  
27 Section 59(e), of the Texas Constitution  
28 have been fulfilled and accomplished.

29 [Acts 82nd Leg., R.S., Ch. 1259]

30 Sec. 2. (a) The legal notice of the  
31 intention to introduce this Act, setting  
32 forth the general substance of this Act, has  
33 been published as provided by law, and the  
34 notice and a copy of this Act have been  
35 furnished to all persons, agencies,  
36 officials, or entities to which they are  
37 required to be furnished under Section 59,  
38 Article XVI, Texas Constitution, and  
39 Chapter 313, Government Code.

40 (b) The governor has submitted the  
41 notice and Act to the Texas Commission on  
42 Environmental Quality.

43 (c) The Texas Commission on  
44 Environmental Quality has filed its  
45 recommendations relating to this Act with  
46 the governor, lieutenant governor, and  
47 speaker of the house of representatives  
48 within the required time.

49 (d) All requirements of the  
50 constitution and laws of this state and the  
51 rules and procedures of the legislature  
52 with respect to the notice, introduction,  
53 and passage of this Act are fulfilled and  
54 accomplished.

55 [Acts 84th Leg., R.S., Ch. 943]

56 Sec. 5. (a) The legal notice of the  
57 intention to introduce this Act, setting  
58 forth the general substance of this Act, has  
59 been published as provided by law, and the  
60 notice and a copy of this Act have been  
61 furnished to all persons, agencies,  
62 officials, or entities to which they are  
63 required to be furnished under Section 59,  
64 Article XVI, Texas Constitution, and  
65 Chapter 313, Government Code.

1 (b) The governor, one of the required  
2 recipients, has submitted the notice and  
3 Act to the Texas Commission on  
4 Environmental Quality.

5 (c) The Texas Commission on  
6 Environmental Quality has filed its  
7 recommendations relating to this Act with  
8 the governor, the lieutenant governor, and  
9 the speaker of the house of representatives  
10 within the required time.

11 (d) All requirements of the  
12 constitution and laws of this state and the  
13 rules and procedures of the legislature  
14 with respect to the notice, introduction,  
15 and passage of this Act are fulfilled and  
16 accomplished.

17 [Acts 86th Leg., R.S., Ch. 390]

18 Sec. 7. (a) The legal notice of the  
19 intention to introduce this Act, setting  
20 forth the general substance of this Act, has  
21 been published as provided by law, and the  
22 notice and a copy of this Act have been  
23 furnished to all persons, agencies,  
24 officials, or entities to which they are  
25 required to be furnished under Section 59,  
26 Article XVI, Texas Constitution, and  
27 Chapter 313, Government Code.

28 (b) The governor, one of the required  
29 recipients, has submitted the notice and  
30 Act to the Texas Commission on  
31 Environmental Quality.

32 (c) The Texas Commission on  
33 Environmental Quality has filed its  
34 recommendations relating to this Act with  
35 the governor, the lieutenant governor, and  
36 the speaker of the house of representatives  
37 within the required time.

38 (d) All requirements of the  
39 constitution and laws of this state and the  
40 rules and procedures of the legislature  
41 with respect to the notice, introduction,  
42 and passage of this Act are fulfilled and  
43 accomplished.

44 (3) Section 3, Chapter 708, Acts of the 66th  
45 Legislature, Regular Session, 1979, provides that  
46 Chapter 708 does not apply to or affect any litigation  
47 instituted before the effective date of Chapter 708  
48 that questions the legality of any acts taken or  
49 proceedings had by the board or the authority before  
50 the effective date. The revised law omits that  
51 provision as executed and because Section 311.031(a),  
52 Government Code (Code Construction Act), provides that  
53 the reenactment, revision, amendment, or repeal of a  
54 statute does not affect matters occurring before or  
55 pending on the reenactment, revision, amendment, or

1           repeal of the statute. The omitted law reads:

2                       Sec. 3. This Act does not apply to or  
3                       affect any litigation instituted prior to  
4                       the effective date of this Act which  
5                       questions the legality of any acts taken or  
6                       proceedings had by the board or the district  
7                       prior to said effective date.