

CHAPTER 531

H.B. No. 1134

AN ACT

relating to the abolition of certain conservation and reclamation districts, including municipal utility districts, that become a part of more than one city.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Subdivision (1), Section 2A, Chapter 228, Acts of the 56th Legislature, Regular Session, 1959 (Article 1182c-5, Vernon's Texas Civil Statutes), is amended to read as follows:

(1) Notwithstanding any other provision of the law or this Act, any conservation and reclamation district, *including a municipal utility district*, created or existing pursuant to Article XVI, Section 59 of the Constitution of Texas which lies wholly within more than one city, and which, on April 1, 1971, did not lie wholly within more than one city, and which, on said date, was not a party to a contract providing for a federal grant for research and development pursuant to Title 33, Sections 1155(a)(2) and 1155(d) of the United States Code, as amended, and which has provided or is providing fresh water supply, sanitary sewer, *or [and] drainage services* shall be abolished ninety (90) days after the inclusion of all of the territory of said district within said cities, and the physical assets, properties and facilities of the district shall be distributed to said cities and its intangible assets, bonded indebtedness, liabilities, obligations and other debts assumed by said cities in the following manner:

(a) All physical assets, properties and facilities of said district located within the boundaries of each respective city shall, at the date of distribution, belong to said city. The intangible assets, bonded indebtedness, liabilities, obligations and other debts of the district shall be assumed by the cities. That part of the intangible assets, bonded indebtedness, liabilities, obligations and other debts of the district assumed by each city

shall be determined by multiplying the total intangible assets, bonded indebtedness, liabilities, obligations or other debts of the district by a fraction, the numerator of which is the original cost of all physical assets, properties and facilities of said district distributed to the city and the denominator of which is the total original cost of all physical assets, properties and facilities of the district. The term "original cost" as used in this section shall mean the actual cost of construction or acquisition. Operating expenses during construction, interest during construction, organizational expenses, engineering fees, legal fees, fiscal fees and other fees and expenses shall not be considered when determining the original cost of any physical assets, properties or facilities. Each city shall faithfully perform all duties, functions and obligations imposed by law or by contract upon the abolished district and its governing body in regard to any outstanding district bonds, warrants or other obligations payable in whole or in part from the revenues from the operation of the district's properties, assets and facilities; provided, however, that maintenance and operation expenses may be allocated by a city between two or more similar properties, assets and facilities owned and operated by the city in direct proportion to the gross income of each.

(b) All of the physical assets, properties and facilities which serve territory within more than one city shall continue to serve such territory and shall be operated and maintained by the city within which such properties, assets and facilities are located. Said city may make reasonable charges to the other cities served by such assets, properties and facilities for the operation and maintenance of such assets, properties and facilities.

SECTION 2. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on April 23, 1987, by the following vote: Yeas 138, Nays 0, 1 present, not voting. Passed by the Senate on May 30, 1987, by the following vote: Yeas 30, Nays 0.

Approved June 17, 1987.

Effective June 17, 1987.