

CHAPTER 1039

H.B. No. 2621

AN ACT

relating to the authority of the Texas Water Commission to authorize certain districts to proceed under federal bankruptcy law.

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

SECTION 1. Chapter 50, Water Code, is amended by adding Section 50.060 to read as follows:

Sec. 50.060. BANKRUPTCY OF DISTRICTS; AUTHORITY OF COMMISSION. (a) Notwithstanding Section 1, Chapter 107, General Laws, Acts of the 44th Legislature, Regular Session, 1935 (Article 1024a, Vernon's Texas Civil Statutes), Section 1, Chapter 1, page 70, General Laws, Acts of the 46th Legislature, Regular Session, 1939 (Article 1024b, Vernon's Texas Civil Statutes), or any other law of this state, a district created under Article III, Sections 52(b)(1) and (2), or Article XVI, Section 59, of the Texas Constitution, that is subject to the continuing supervision of the commission, may not proceed under Chapter 9 of the Federal Bankruptcy Code (11 U.S.C. Sections 901-946) or any other law enacted by the Congress of the United States under federal bankruptcy authority until the commission authorizes the district to proceed under those laws by written order.

(b) A district requesting the commission's authorization to proceed under Chapter 9 of the Federal Bankruptcy Code (11 U.S.C. Sections 901-946) or any other federal bankruptcy law, shall file an application with the commission requesting authorization.

(c) The commission shall investigate the financial condition of a district submitting an application under Subsection (b) of this section, including its assets, liabilities, and sources of revenues and may require a district to submit any information that the commission considers material to a determination of whether authorization to proceed in bankruptcy should be granted.

(d) The commission may not authorize a district to proceed in bankruptcy unless the commission determines that the district cannot, through the full exercise of its rights and powers under the law of this state, reasonably expect to meet its debts and other obligations as they mature.

(e) The commission shall adopt and assess reasonable and necessary fees adequate to recover the costs of the commission in administering this section.

SECTION 2. Section 50.060, Water Code, as added by this Act, applies to bankruptcy proceedings initiated or proposed to be initiated on or after January 1, 1987, by a district created under Article III, Sections 52(b)(1) and (2), or Article XVI, Section 59, of the Texas Constitution.

SECTION 3. 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 May 20, 1987, by a non-record vote. Passed by the Senate on May 28, 1987, by the following vote: Yeas 30, Nays 0.

Approved June 20, 1987.

Effective Aug. 31, 1987, 90 days after date of adjournment.