

- SUBJECT:** Specifying certain contract requirements for water districts
- COMMITTEE:** Natural Resources — committee substitute recommended
- VOTE:** 11 ayes — Larson, Phelan, Ashby, Burns, Frank, Kacal, T. King, Lucio, Nevárez, Price, Workman
- 0 nays
- WITNESSES:** For — None
- Against — (*Registered, but did not testify*: Ray Schwertner, City of Garland)
- On — (*Registered, but did not testify*: Trey Lary, Allen Boone Humphries Robinson LLP; Amanda Crawford, Office of the Attorney General)
- BACKGROUND:** Water Code, sec. 49.184 requires a water district to send a certified copy of all proceedings relating to the issuance of bonds and other relevant information to the attorney general before the district may deliver bonds to the purchasers. A contract or lease may be submitted to the attorney general along with bond records. If the attorney general approves the bonds, it constitutes approval of the contract or lease, which is incontestable.
- Concerns have been raised that the current language of Water Code, sec. 49.184 allows water districts to submit ancillary contracts that do not provide security for bonds to the attorney general during the bond approval process. Some suggest addressing this by aligning statute with current practices and common understanding.
- DIGEST:** CSHB 1946 would specify that a contract or lease submitted to the attorney general by a water district to issue bonds would have to be a contract or lease in which the proceeds were pledged to the payment of a bond.

The bill would take effect September 1, 2017, and would apply only to a contract or lease submitted after this date.