

BILL ANALYSIS

Senate Research Center

H.B. 3009
By: Coleman (Ellis)
Intergovernmental Relations
5/23/2009
Committee Report (Amended)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Because current law in the Local Government Code relating to the consolidation of municipal management districts only provides for consolidation after an election, it is not always feasible or conducive for certain districts that only assess or tax commercial property owners who are unable to vote in an election for consolidation. Management districts with similarly situated service areas and common service plans have the potential to save money and be more efficient by consolidating those districts.

H.B. 3009 amends current law relating to the authority of municipal management districts to consolidate.

[**Note:** While the statutory reference in this bill is to the Texas Natural Resource Conservation Commission (TNRCC), the following amendments affect the Texas Commission on Environment Quality, as the successor agency to TNRCC.]

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 375, Local Government Code, by adding Subchapter P, as follows:

SUBCHAPTER P. CONSOLIDATION OF DISTRICTS

Sec. 375.351. **CONSOLIDATION OF DISTRICTS.** (a) Authorizes two or more districts to consolidate into one district under this subchapter if none of the districts to be consolidated has issued bonds or notes secured by assessments or ad valorem taxes, or has levied taxes.

(b) Requires the board of directors of a district (board), to initiate a consolidation, to adopt a resolution proposing a consolidation and deliver a copy of the resolution to the board of each district with which consolidation is proposed.

(c) Provides that a consolidation under this subchapter occurs if the board of each involved district adopts a resolution containing the terms and conditions for the consolidation.

Sec. 375.352. **TERMS AND CONDITIONS FOR CONSOLIDATION.** (a) Requires that the terms and conditions for consolidation include adoption of a name for the consolidated district; the number and apportionment of directors to serve on the board of the consolidated district; the effective date of the consolidation; an agreement on finances for the consolidated district, including disposition of funds, property, and other assets of each district; and an agreement on governing the districts during the transition period, including selection of officers.

(b) Authorizes the terms and conditions for consolidation to include any terms or conditions to which the board of each district agrees.

Sec. 375.353. NOTICE AND HEARING ON CONSOLIDATION. (a) Requires each district's board to publish notice and hold a public hearing in its district regarding the terms and conditions for consolidation of the districts.

(b) Requires notice of the hearing to be published one time in a newspaper of general circulation in the area of each district at least seven days before the date of the hearing.

(c) Authorizes the board by resolution to approve the terms and conditions for consolidation and enter an order consolidating the districts.

Sec. 375.354. GOVERNING CONSOLIDATED DISTRICTS. (a) Provides that after two or more districts are consolidated, they become one district and are governed as one district.

(b) Requires the officers of each district, during the transition period, to continue to act jointly as officers of the original districts to settle the affairs of their respective districts.

Sec. 375.355. DEBTS OF ORIGINAL DISTRICTS. (a) Requires the consolidated district, after two or more districts are consolidated, to protect the debts of the original districts and assure that the debts are not impaired. Authorizes the debts to be paid by taxes levied on the land in the original districts as if they had not consolidated or from contributions from the consolidated district on terms stated in the consolidation agreement if the consolidated district has taxing authority.

(b) Authorizes taxes to be levied uniformly on all taxable property within the consolidated district to pay the debts if the consolidated district has taxing authority and assumes the bonds, notes, and other obligations of the original districts.

Sec. 375.356. ASSESSMENT AND COLLECTION OF TAXES. Requires the district to assess and collect taxes on all property in the district uniformly, for maintenance and operation of the district, if the consolidated district has taxing authority.

Sec. 375.357. FILING OF ORDER WITH COUNTY CLERK AND EXECUTIVE DIRECTOR. Requires a consolidation order issued by the board to be kept in the records of the consolidated district, recorded in the office of the county clerk in each of the counties in the consolidated district, and filed with the executive director of the Texas Natural Resource Conservation Commission.

SECTION 2. Effective date: upon passage or September 1, 2009.

SUMMARY OF COMMITTEE CHANGES

Committee Amendment No. 1

Amends SECTION 1 of this bill, by adding Section 375.354(c), as follows:

Authorizes the consolidation district to exercise the powers of the districts being consolidated within the respective boundaries of the original districts. Authorizes the consolidated district, for land annexed into the consolidated districts, to exercise any of the powers of the original districts.