

BILL ANALYSIS

Senate Research Center

H.B. 2118
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Intergovernmental Relations
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties have expressed a concern that the taxpayers of the Hamlin Hospital District do not currently have the ability to petition the district's board of directors to dissolve the district. H.B. 2118 seeks to address this concern by allowing the Hamlin Hospital District taxpayers through a petition to call for a district-wide election on the dissolution of the district.

H.B. 2118 amends current law relating to procedures for the dissolution of the Hamlin Hospital District and authorizes the imposition of a tax.

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 1037, Special District Local Laws Code, by adding Subchapter G, as follows:

SUBCHAPTER G. DISSOLUTION

Sec. 1037.301. DISSOLUTION; ELECTION. (a) Authorizes the Hamlin Hospital District (district) to be dissolved only on approval of a majority of the district voters voting in an election held for that purpose.

(b) Authorizes the board of directors of the district (board) to order an election on the question of dissolving the district and disposing of the district's assets and obligations.

(c) Requires the board to order an election if the board receives a petition requesting an election that is signed by at least 15 percent of the registered voters in the district.

(d) Requires that the election be ordered in accordance with Section 3.005 (Time for Ordering Election), Election Code. Requires that the order calling the election state:

- (1) the nature of the election, including the proposition to appear on the ballot;
- (2) the date of the election;
- (3) the hours during which the polls will be open; and
- (4) the location of the polling places.

Sec. 1037.302. NOTICE OF ELECTION. (a) Requires the board to give notice of an election under this subchapter by publishing once a week for two consecutive weeks a

substantial copy of the election order in a newspaper with general circulation in the district.

(b) Requires that the first publication of the notice appear not later than the 35th day before the date set for the election.

Sec. 1037.303. **BALLOT.** Requires that the ballot for an election under this subchapter be printed to permit voting for or against the proposition: "The dissolution of the Hamlin Hospital District."

Sec. 1037.304. **ELECTION RESULTS.** (a) Requires the board to find that the district is dissolved if a majority of the votes in an election under this subchapter favor dissolution.

(b) Requires the board to continue to administer the district and another election on the question of dissolution is prohibited from being held before the first anniversary of the date of the most recent election to dissolve the district if a majority of the votes in the election do not favor dissolution.

Sec. 1037.305. **TRANSFER, SALE, OR ADMINISTRATION OF ASSETS.** (a) Requires the board, if a majority of the votes in an election held under this subchapter favor dissolution, to:

(1) transfer the land, buildings, improvements, equipment, and other assets that belong to the district to Jones County or another governmental entity in Jones County;

(2) sell the assets and liabilities to another person; or

(3) administer the property, assets, and debts until all money has been disposed of and all district debts have been paid or settled.

(b) Provides that the county or entity assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved if the board makes the transfer under Subsection (a)(1).

(c) Provides that the district is dissolved when all money has been disposed of and all district debts have been paid or settled if Subsections (a)(1) and (2) do not apply and the board administers the property, assets, and debts of the district under Subsection (a)(3).

Sec. 1037.306. **SALE OR TRANSFER OF ASSETS AND LIABILITIES.** (a) Prohibits the dissolution of the district and the sale or transfer of the district's assets and liabilities to another person from contravening a trust indenture or bond resolution relating to the district's outstanding bonds. Provides that the dissolution and sale or transfer does not diminish or impair the rights of a holder of an outstanding bond, warrant, or other obligation of the district.

(b) Requires that the sale or transfer of the district's assets and liabilities satisfy the debt and bond obligations of the district in a manner that protects the interests of district residents, including the residents' collective property rights in the district's assets.

(c) Prohibits the district from transferring or disposing of the district's assets except for due compensation unless:

(1) the transfer is made to another governmental entity that serves the district; and

(2) the transferred assets are to be used for the benefit of the district's residents.

Sec. 1037.307. IMPOSITION OF TAX AND RETURN OF SURPLUS TAXES. (a) Requires the board, after the board finds that the district is dissolved, to:

(1) determine the debt owed by the district; and

(2) impose on the property included in the district's tax rolls a tax that is in proportion of the debt to the property value.

(b) Requires the board, on the payment of all outstanding debts and obligations of the district, to order the secretary to return to each district taxpayer the taxpayer's pro rata share of all unused tax money.

(c) Authorizes a taxpayer to request that the taxpayer's share of surplus tax money be credited to the taxpayer's county taxes. Requires the board to direct the secretary to transmit the money to the county tax assessor-collector if a taxpayer requests the credit.

Sec. 1037.308. REPORT; DISSOLUTION ORDER. (a) Requires the board to file a written report with the Commissioners Court of Jones County summarizing the board's actions in dissolving the district after the district has paid all district debts and has disposed of all district money and other assets as prescribed by this subchapter.

(b) Requires the commissioners court, not later than the 10th day after the date the Commissioners Court of Jones County receives the report and determines that the requirements of this subchapter have been fulfilled, to enter an order dissolving the district and releasing the board from any further duty or obligation.

SECTION 2. Effective date: September 1, 2013.