

By: Madla

S.B. No. 905

A BILL TO BE ENTITLED

AN ACT

1
2 relating to reimbursement for land removed from emergency service
3 districts and dispute resolution relating to the amount of
4 reimbursement.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 775.022, Health and Safety Code, is
7 amended by amending Subsections (b) and (c) and adding Subsections
8 (e) and (f) to read as follows:

9 (b) The disannexation of territory under this section does
10 not diminish or impair the rights of the holders of any outstanding
11 and unpaid bonds, warrants, or other obligations of the district
12 including loans and lease-purchase agreements.

13 (c) If a municipality annexes a portion of a district, the
14 municipality shall compensate the district in an amount equal to
15 the annexed territory's pro rata share of the district's bonded and
16 other indebtedness as computed according to the formula in
17 Subsection (e) [~~based on the unpaid principal balances and the~~
18 ~~actual property values at the time the territory is annexed~~]. The
19 district shall apply compensation received from a municipality
20 under this subsection exclusively to the payment of the annexed
21 territory's pro rata share of the district's bonded and other
22 indebtedness.

23 (e) The amount of compensation under Subsection (c) shall be
24 determined by multiplying the district's total indebtedness at the

1 time of the annexation by a fraction the numerator of which is the
2 assessed value of the property to be annexed based on the most
3 recent certified county property tax rolls at the time of
4 annexation and the denominator of which is the total assessed value
5 of the property of the district based on the most recent certified
6 county property tax rolls at the time of annexation.

7 (f) For purposes of this section, total indebtedness
8 includes loans and lease-purchase agreements but does not include a
9 loan or lease-purchase agreement the district enters into after the
10 district receives notice of the municipality's intent to annex
11 district territory.

12 SECTION 2. Subchapter B, Chapter 775, Health and Safety
13 Code, is amended by adding Section 775.0221 to read as follows:

14 Sec. 775.0221. ARBITRATION REGARDING REMOVED TERRITORY.

15 (a) If the municipality and the district cannot reach an agreement
16 on the amount of compensation required under Section 775.022, the
17 municipality and the district shall resolve the dispute using
18 binding arbitration.

19 (b) The municipality or the district may request in writing
20 that the dispute be submitted to an arbitrator to resolve the issues
21 in dispute.

22 (c) The municipality and the district must agree on the
23 arbitrator. If the parties cannot agree on the appointment of an
24 arbitrator before the 11th business day after the date arbitration
25 is requested, the mayor of the municipality shall immediately
26 request a list of seven neutral arbitrators from the American
27 Arbitration Association or the Federal Mediation and Conciliation

1 Service or their successors in function. An arbitrator included in
2 the list must be a resident of this state and may not be a resident
3 of a county in which any part of the municipality or any part of the
4 district is located. The municipality and the district must agree
5 on the appointment of an arbitrator included in the list. If the
6 municipality and the district cannot agree on the arbitrator before
7 the 11th business day after the date the list is provided to the
8 parties, each party or the party's designee may alternately strike
9 a name from the list. The remaining person on the list shall be
10 appointed as the arbitrator. In this subsection, "business day"
11 means a day other than a Saturday, Sunday, or state or national
12 holiday.

13 (d) The arbitrator shall:

14 (1) set a hearing to be held not later than the 10th
15 day after the date the arbitrator is appointed; and

16 (2) notify the parties to the arbitration in writing
17 of the time and place of the hearing not later than the eighth day
18 before the date of the hearing.

19 (e) The arbitrator may:

20 (1) receive in evidence any documentary evidence or
21 other information the arbitrator considers relevant;

22 (2) administer oaths; and

23 (3) issue subpoenas to require:

24 (A) the attendance and testimony of witnesses;
25 and

26 (B) the production of books, records, and other
27 evidence relevant to an issue presented to the arbitrator for

1 determination.

2 (f) Unless the parties to the dispute agree otherwise, the
3 arbitrator shall complete the hearing within two consecutive days.
4 The arbitrator shall permit each party one day to present evidence
5 and other information. The arbitrator, for good cause shown, may
6 schedule an additional hearing to be held not later than the seventh
7 day after the date of the first hearing. Unless otherwise agreed to
8 by the parties, the arbitrator must issue a decision in writing and
9 deliver a copy of the decision to the parties not later than the
10 14th day after the date of the final hearing.

11 (g) The municipality and the district shall share the cost
12 of arbitration.

13 SECTION 3. Section 776.052, Health and Safety Code, is
14 amended by amending Subsection (c) and adding Subsections (d)-(g)
15 to read as follows:

16 (c) If a municipality that is not in the district annexes
17 territory that is included in a district, the governing body of the
18 municipality shall notify the secretary of the board in writing
19 that the annexed territory is removed [~~excluded~~] from the
20 district's territory.

21 (d) If a municipality removes territory from a district
22 under Subsection (a) or (c), the municipality shall compensate the
23 district in an amount equal to the removed territory's pro rata
24 share of the district's bonded and other indebtedness as computed
25 according to the formula in Subsection (e). The district shall
26 apply compensation received from a municipality under this
27 subsection exclusively to the payment of the removed territory's

1 pro rata share of the district's bonded and other indebtedness.

2 (e) The amount of compensation under Subsection (d) shall be
3 determined by multiplying the district's total indebtedness at the
4 time the territory is removed by a fraction the numerator of which
5 is the assessed value of the property to be removed based on the
6 most recent certified county property tax rolls at the time of
7 removal and the denominator of which is the total assessed value of
8 the property of the district based on the most recent certified
9 county property tax rolls at the time of removal.

10 (f) On the district's request, a municipality shall
11 purchase from the district at fair market value any real or personal
12 property used to provide emergency services in territory disannexed
13 under this section. If any part of the indebtedness for which the
14 district receives compensation under Subsection (d) was for the
15 purchase of the real or personal property that the municipality
16 purchases under this subsection, the fair market value of that
17 property for the purpose of this subsection is reduced by a
18 percentage equal to the disannexed territory's pro rata share under
19 Subsection (d).

20 (g) For purposes of this section, total indebtedness
21 includes loans and lease-purchase agreements but does not include a
22 loan or lease-purchase agreement the district enters into after the
23 district receives notice about the municipality's intent to remove
24 district territory.

25 SECTION 4. Subchapter D, Chapter 776, Health and Safety
26 Code, is amended by adding Section 776.0521 to read as follows:

27 Sec. 776.0521. ARBITRATION REGARDING REMOVED TERRITORY.

1 (a) If the municipality and the district cannot reach an agreement
2 on the amount of compensation required under Section 776.052, the
3 municipality and the district shall resolve the dispute using
4 binding arbitration.

5 (b) The municipality or the district may request in writing
6 that the dispute be submitted to an arbitrator to resolve the issues
7 in dispute.

8 (c) The municipality and the district must agree on the
9 arbitrator. If the parties cannot agree on the appointment of an
10 arbitrator before the 11th business day after the date arbitration
11 is requested, the mayor of the municipality shall immediately
12 request a list of seven neutral arbitrators from the American
13 Arbitration Association or the Federal Mediation and Conciliation
14 Service or their successors in function. An arbitrator included in
15 the list must be a resident of this state and may not be a resident
16 of a county in which any part of the municipality or any part of the
17 district is located. The municipality and the district must agree
18 on the appointment of an arbitrator included in the list. If the
19 municipality and the district cannot agree on the arbitrator before
20 the 11th business day after the date the list is provided to the
21 parties, each party or the party's designee may alternately strike
22 a name from the list. The remaining person on the list shall be
23 appointed as the arbitrator. In this subsection, "business day"
24 means a day other than a Saturday, Sunday, or state or national
25 holiday.

26 (d) The arbitrator shall:

27 (1) set a hearing to be held not later than the 10th

1 day after the date the arbitrator is appointed; and

2 (2) notify the parties to the arbitration in writing
3 of the time and place of the hearing not later than the eighth day
4 before the date of the hearing.

5 (e) The arbitrator may:

6 (1) receive in evidence any documentary evidence or
7 other information the arbitrator considers relevant;

8 (2) administer oaths; and

9 (3) issue subpoenas to require:

10 (A) the attendance and testimony of witnesses;
11 and

12 (B) the production of books, records, and other
13 evidence relevant to an issue presented to the arbitrator for
14 determination.

15 (f) Unless the parties to the dispute agree otherwise, the
16 arbitrator shall complete the hearing within two consecutive days.
17 The arbitrator shall permit each party one day to present evidence
18 and other information. The arbitrator, for good cause shown, may
19 schedule an additional hearing to be held not later than the seventh
20 day after the date of the first hearing. Unless otherwise agreed to
21 by the parties, the arbitrator must issue a decision in writing and
22 deliver a copy of the decision to the parties not later than the
23 14th day after the date of the final hearing.

24 (g) The municipality and the district shall share the cost
25 of arbitration.

26 SECTION 5. This Act takes effect September 1, 2003, and
27 applies only to removal of territory of an emergency services

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1 district on or after that date.