

## **BILL ANALYSIS**

C.S.H.B. 3009  
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Urban Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Current law relating to the consolidation of districts provides for consolidation after an election, which is not feasible or conducive to certain management 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 with each other.

C.S.H.B. 3009 authorizes municipal management districts that have not issued bonds secured by property taxes or assessments to consolidate. The districts are only authorized to consolidate after the passage of a board resolution to consolidate, a consolidation agreement among the districts to consolidate, and a notice and public hearing on district consolidation.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3009 amends the Local Government Code to authorize two or more municipal management districts to consolidate into one district if none of the districts to be consolidated has issued bonds or notes secured by assessments or property taxes, or has levied taxes. The bill establishes that to initiate a consolidation, the board of a district must adopt a resolution proposing a consolidation and deliver a copy of the resolution to the board of each district with which consolidation is proposed. The bill establishes that such a consolidation occurs if the board of each involved district adopts a resolution containing the terms and conditions for the consolidation.

C.S.H.B. 3009 requires the terms and conditions for consolidation to include the 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. The bill authorizes the terms and conditions for consolidation to include any other terms or conditions to which the board of each district agrees.

C.S.H.B. 3009 sets forth notice and hearing requirements on the terms and conditions of the consolidation. The bill authorizes the board by resolution, after a hearing, to approve the terms and conditions for consolidation and enter an order consolidating the districts.

C.S.H.B. 3009 establishes that after two or more districts are consolidated, they become one district and are governed as one district. The bill 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. The bill requires the consolidated district, after two or more districts

are consolidated, to protect the debts of the original districts and to assure that the debts are not impaired. The bill authorizes the debts, if the consolidated district has taxing authority, 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. The bill authorizes taxes to be levied uniformly on all taxable property within the consolidated district to pay debts if the consolidated district has taxing authority and assumes the bonds, notes, and other obligations of the original districts. The bill requires the district, if the consolidated district has taxing authority, to assess and collect taxes on all property in the district uniformly, for maintenance and operation of the district.

C.S.H.B. 3009 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 Commission on Environmental Quality.

#### **EFFECTIVE DATE**

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

#### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 3009 differs from the original by authorizing the board of a district to approve the terms and conditions for consolidation after a hearing on consolidation, whereas the original requires the board of a district to approve the terms and conditions for consolidation by majority vote after a hearing on consolidation.

C.S.H.B. 3009 adds a provision not in the original to authorize taxes to be levied uniformly on all taxable property within a consolidated district to pay debts if the consolidated district has taxing authority and assumes the bonds, notes, and other obligations of the original districts. The substitute differs from the original in nonsubstantive ways by using language reflective of certain bill drafting conventions.