

AN ACT

relating to the authority of municipal management districts to consolidate.

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

SECTION 1. Chapter 375, Local Government Code, is amended by adding Subchapter P to read as follows:

SUBCHAPTER P. CONSOLIDATION OF DISTRICTS

Sec. 375.351. CONSOLIDATION OF DISTRICTS. (a) Two or more districts may 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) To initiate a consolidation, the board of a district shall 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) 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) The terms and conditions for consolidation must include:

- (1) adoption of a name for the consolidated district;
- (2) the number and apportionment of directors to serve on the board of the consolidated district;

1 (3) the effective date of the consolidation;

2 (4) an agreement on finances for the consolidated
3 district, including disposition of funds, property, and other
4 assets of each district; and

5 (5) an agreement on governing the districts during the
6 transition period, including selection of officers.

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

9 Sec. 375.353. NOTICE AND HEARING ON CONSOLIDATION. (a)
10 Each district's board shall publish notice and hold a public
11 hearing in its district regarding the terms and conditions for
12 consolidation of the districts.

13 (b) Notice of the hearing must be published one time in a
14 newspaper of general circulation in the area of each district at
15 least seven days before the date of the hearing.

16 (c) After the hearing, the board by resolution may approve
17 the terms and conditions for consolidation and enter an order
18 consolidating the districts.

19 Sec. 375.354. GOVERNING CONSOLIDATED DISTRICTS. (a) After
20 two or more districts are consolidated, they become one district
21 and are governed as one district.

22 (b) During the transition period, the officers of each
23 district shall continue to act jointly as officers of the original
24 districts to settle the affairs of their respective districts.

25 (c) The consolidated district may exercise the powers of the
26 districts being consolidate within the respective boundaries of the
27 original districts. For land annexed into the consolidated

1 district, the consolidated district may exercise any of the powers
2 of the original districts.

3 Sec. 375.355. DEBTS OF ORIGINAL DISTRICTS. (a) After two
4 or more districts are consolidated, the consolidated district shall
5 protect the debts of the original districts and shall assure that
6 the debts are not impaired. If the consolidated district has taxing
7 authority, the debts may be paid by taxes levied on the land in the
8 original districts as if they had not consolidated or from
9 contributions from the consolidated district on terms stated in the
10 consolidation agreement.

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

15 Sec. 375.356. ASSESSMENT AND COLLECTION OF TAXES. If the
16 consolidated district has taxing authority, the district shall
17 assess and collect taxes on all property in the district uniformly,
18 for maintenance and operation of the district.

19 Sec. 375.357. FILING OF ORDER WITH COUNTY CLERK AND
20 EXECUTIVE DIRECTOR. A consolidation order issued by the board
21 shall be kept in the records of the consolidated district, recorded
22 in the office of the county clerk in each of the counties in the
23 consolidated district, and filed with the executive director of the
24 commission.

25 SECTION 2. This Act takes effect immediately if it receives
26 a vote of two-thirds of all the members elected to each house, as
27 provided by Section 39, Article III, Texas Constitution. If this

H.B. No. 3009

- 1 Act does not receive the vote necessary for immediate effect, this
- 2 Act takes effect September 1, 2009.

President of the Senate

Speaker of the House

I certify that H.B. No. 3009 was passed by the House on May 5, 2009, by the following vote: Yeas 144, Nays 0, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 3009 on May 29, 2009, by the following vote: Yeas 142, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 3009 was passed by the Senate, with amendments, on May 27, 2009, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor