

## **BILL ANALYSIS**

C.S.H.B. 1259  
By: Keffer  
County Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Observers note that the Cisco Hospital District in Cisco, Texas, ceased operating a hospital following an election held to dissolve the district a few years ago, but the district's original enabling legislation did not provide for the final dissolution of the district or for the disposition of the district's assets. C.S.H.B. 1259 seeks to address this issue by providing for such dissolution and disposition.

### **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. 1259 amends Chapter 30, Acts of the 59th Legislature, Regular Session, 1965, to establish that the Cisco Hospital District may be dissolved only on approval of a majority of district voters voting in an election held for that purpose, to authorize the district's board of directors to order an election on the question of dissolving the district and disposing of the assets and obligations of the district, to require 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, and to set out related election procedural provisions.

C.S.H.B. 1259 requires the board to find that the district is dissolved if voters approve the dissolution and requires the board to transfer the land, buildings, improvements, equipment, and other assets that belong to the district to Eastland County or another governmental entity in the county; to sell the assets and liabilities to another person; or to administer the property, assets, and debts until all money has been disposed of and all debts of the district have been paid or settled. The bill sets out provisions related to such requirements.

C.S.H.B. 1259 requires the board, after the board finds that the district is dissolved, to determine the debt owed by the district and impose on the property included in the district's tax rolls a tax that is in proportion of the debt to the property value. The bill provides for the return to each district taxpayer the taxpayer's pro rata share of all unused tax money on payment of all outstanding debts and obligations of the district. The bill sets out procedural provisions relating to the district's dissolution.

C.S.H.B. 1259 provides for the validation of certain board proceedings, resolutions, orders, and acts or attempted acts occurring before the bill's effective date.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.

## COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1259 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

### INTRODUCED

SECTION 1. Chapter 30, Acts of the 59th Legislature, Regular Session, 1965, is amended by adding Section 7A to read as follows:

Sec. 7A. (a) The District may be dissolved only on approval of a majority of the voters of the District voting in an election held for that purpose.

(b) The board of directors of the District may order an election on the question of dissolving the District and disposing of the assets and obligations of the District.

(c) The board of directors shall 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) The order calling the election must 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.

(e) Section 41.001(a), Election Code, does not apply to an election ordered under this section.

(f) The board of directors shall give notice of an election under this section 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.

(g) The first publication of the notice must appear not later than the 35th day before the date set for the election.

(h) The ballot for an election under this section must be printed to permit voting for or against the proposition: "The dissolution of the Cisco Hospital District."

(i) If a majority of the votes in an election under this section favor dissolution, the board of directors shall find that the District is dissolved.

(j) If a majority of the votes in the election do not favor dissolution, the board of

### HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Chapter 30, Acts of the 59th Legislature, Regular Session, 1965, is amended by adding Section 7A to read as follows:

Sec. 7A. (a) The District may be dissolved only on approval of a majority of the voters of the District voting in an election held for that purpose.

(b) The board of directors of the District may order an election on the question of dissolving the District and disposing of the assets and obligations of the District.

(c) The board of directors shall 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) The order calling the election must 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.

(e) The board of directors shall give notice of an election under this section 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.

(f) The first publication of the notice must appear not later than the 35th day before the date set for the election.

(g) The ballot for an election under this section must be printed to permit voting for or against the proposition: "The dissolution of the Cisco Hospital District."

(h) If a majority of the votes in an election under this section favor dissolution, the board of directors shall find that the District is dissolved.

(i) If a majority of the votes in the election do not favor dissolution, the board of

directors shall continue to administer the District and another election on the question of dissolution may not be held before the first anniversary of the most recent election to dissolve the District.

(k) If a majority of the votes in the election under this section favor dissolution, the board of directors shall:

(1) transfer the land, buildings, improvements, equipment, and other assets that belong to the District to Eastland County or another governmental entity in Eastland 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 debts of the District have been paid or settled.

(l) If the District makes the transfer under Subsection (k)(1) of this section, the county or entity assumes all debts and obligations of the District at the time of the transfer, and the District is dissolved.

(m) If Subsections (k)(1) and (2) of this section do not apply and the board of directors administers the property, assets, and debts under Subsection (k)(3) of this section, the District is dissolved when all money is disposed of and all District debts have been paid or settled.

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

(o) The District may not transfer or dispose of the District's assets except for due compensation unless:

(1) the transfer is made to a governmental agency that serves the District; and

(2) the transferred assets are to be used for the benefit of the residents of the District.

(p) After the board of directors finds that the District is dissolved, the board shall:

(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.

(q) On payment of all outstanding debts and obligations of the District, the board of directors shall order the secretary to return

directors shall continue to administer the District and another election on the question of dissolution may not be held before the first anniversary of the most recent election to dissolve the District.

(j) If a majority of the votes in the election under this section favor dissolution, the board of directors shall:

(1) transfer the land, buildings, improvements, equipment, and other assets that belong to the District to Eastland County or another governmental entity in Eastland 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 debts of the District have been paid or settled.

(k) If the District makes the transfer under Subsection (j)(1) of this section, the county or entity assumes all debts and obligations of the District at the time of the transfer, and the District is dissolved.

(l) If Subsections (j)(1) and (2) of this section do not apply and the board of directors administers the property, assets, and debts under Subsection (j)(3) of this section, the District is dissolved when all money is disposed of and all District debts have been paid or settled.

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

(n) The District may not transfer or dispose of the District's assets except for due compensation unless:

(1) the transfer is made to a governmental agency that serves the District; and

(2) the transferred assets are to be used for the benefit of the residents of the District.

(o) After the board of directors finds that the District is dissolved, the board shall:

(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.

(p) On payment of all outstanding debts and obligations of the District, the board of directors shall order the secretary to return

to each taxpayer of the District the taxpayer's pro rata share of all unused tax money.

(r) A taxpayer may request that the taxpayer's share of surplus tax money be credited to the taxpayer's county taxes. If a taxpayer requests the credit, the board of directors shall direct the secretary to transmit the money to the county tax assessor-collector.

(s) After the District has paid all debts of the District and has disposed of all money and other assets of the District as prescribed by this section, the board of directors shall file a written report with the Commissioners Court of Eastland County summarizing the board's actions in dissolving the District.

(t) Not later than the 10th day after the date the Commissioners Court of Eastland County receives the report and determines that the requirements of this section have been fulfilled, the commissioners court shall enter an order dissolving the District and releasing the board of directors from any further duty or obligation.

(u) If all positions on the board of directors of the District are vacant, the county judge of Eastland County has all the powers and duties otherwise provided by law to the board of directors of the District.

SECTION 2. All proceedings, resolutions, orders, and other acts or attempted acts of the board of directors of the Cisco Hospital District relating to the intended dissolution of the district and the sale or transfer of any district assets and liabilities pursuant to the intended dissolution of the district occurring before the effective date of this Act are validated in all respects as of the dates they occurred and may not be held invalid because they were not performed in accordance with law.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

to each taxpayer of the District the taxpayer's pro rata share of all unused tax money.

(q) A taxpayer may request that the taxpayer's share of surplus tax money be credited to the taxpayer's county taxes. If a taxpayer requests the credit, the board of directors shall direct the secretary to transmit the money to the county tax assessor-collector.

(r) After the District has paid all debts of the District and has disposed of all money and other assets of the District as prescribed by this section, the board of directors shall file a written report with the Commissioners Court of Eastland County summarizing the board's actions in dissolving the District.

(s) Not later than the 10th day after the date the Commissioners Court of Eastland County receives the report and determines that the requirements of this section have been fulfilled, the commissioners court shall enter an order dissolving the District and releasing the board of directors from any further duty or obligation.

(t) If all positions on the board of directors of the District are vacant, the county judge of Eastland County has all the powers and duties otherwise provided by law to the board of directors of the District.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.