

BILL ANALYSIS

C.S.H.B. 3387
By: Anchia
Public Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been noted that the dissolution committee established to close the Dallas County board of education and board of county school trustees known as Dallas County Schools, dispose of the board's assets, and settle associated debts has fulfilled the duties assigned to the committee by the 85th Legislature, except for levying the taxes necessary to pay any remaining debts of the board. C.S.H.B. 3387 seeks to complete the dissolution process by transferring the outstanding tax levy responsibility to the Dallas County Commissioners Court and abolishing the committee.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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. 3387 amends Chapter 967 (S.B. 2065), Acts of the 85th Legislature, Regular Session, 2017, to change the date of abolition of a dissolution committee formed for each county board of education or board of county school trustees in a county that has a population of 2.2 million or more and that is adjacent to a county with a population of more than 800,000 from the date all debt obligations of the board of education or board of trustees are paid in full and all assets distributed to component public school districts to September 1, 2019. The bill, on that date, transfers all duties and obligations of the committee to the commissioners court of the county in which the board of education or board of trustees was located. The bill establishes that, on that date, the commissioners court assumes control of and responsibility for administering all assets, liabilities, debts, contracts, and other obligations of the board of education, board of trustees, or committee and requires the commissioners court, on that date, to take control of any funds of the committee, including any sinking fund created by the committee. The bill restricts the sources of funds whose use is authorized for payment of any such transferred liability, debt, contract, or other obligation to the following:

- a property tax adopted by the board of education, board of trustees, or committee that continues to be levied by the commissioners court;
- the sinking fund created by the committee; and
- any funds transferred from the committee to the commissioners court.

The bill establishes that county assets, including tax revenue funds, may not be used to pay, and are not subject to, any such transferred liability, debt, contract, or other obligation.

C.S.H.B. 3387 requires the commissioners court to continue to assess, levy, and collect any

property tax adopted by the board of education, board of trustees, or committee and to continue to levy the tax annually at the rate of one cent per \$100 of valuation, as previously adopted by the committee, until all debt of the board of education or board of trustees described in a final judgment of a district court in litigation between the committee and the county is discharged in accordance with the terms of that judgment. The commissioners court is not required to calculate a rate, publish notice of a budget and tax rate hearing, conduct a hearing, or take any other action each year to assess, levy, and collect that property tax, notwithstanding any other law. The bill establishes that, to the extent of any conflict, these provisions prevail over a provision of Chapter 967 requiring the county to continue to assess a property tax assessed by the board of education or board of trustees for the purpose of paying the principal of and interest on certain bonds issued by the applicable board.

C.S.H.B. 3387 revises a requirement for the county to collect and use any delinquent taxes imposed by or on behalf of the board of education or board of trustees to remove the specification that the county do so in the manner provided by commissioner of education rule and to limit the use of such delinquent taxes to payment of a debt described in an applicable final judgment of a court. The bill requires any delinquent taxes collected, on completion of the payment of all such debt, to be distributed on a proportionate basis to the districts in the county, based on the numbers of enrolled students in each district and in the county in the school year immediately preceding the year of the distribution.

C.S.H.B. 3387 authorizes the commissioners court to deduct from the proceeds of the property tax a reasonable and proportionate share for the administrative costs of collecting the tax. The bill requires the commissioners court to pay all other debts or claims, other than debt described in an applicable final judgment of a court, from funds reserved and retained by the committee for that purpose. The bill bars all claims against the board of education, board of trustees, or committee not filed on or before September 1, 2019, prohibits a lawsuit from being filed against those entities after September 1, 2019, and establishes that this provision takes precedence over any other statute of limitations.

C.S.H.B. 3387 authorizes the commissioners court to use the funds reserved and retained by the committee for the payment of debts and claims to perform the duties related to the abolishment of the committee and the administration of the assets, liabilities, debts, contracts, or other obligations transferred to the commissioners court. The bill requires the distribution of any remaining money, on completion of payment of all debt described in an applicable final judgment of a court and any other debts or claims, on a proportionate basis to the districts in the county, based on the numbers of enrolled students in each district and in the county in the school year immediately preceding the year of the distribution. The bill establishes that, to the extent of any conflict, this provision prevails over the provision of Chapter 967 relating to required proportionate distribution by the dissolution committee of remaining assets to component school districts in the county. The bill establishes that a property tax adopted by the board of education, board of trustees, or committee that continues to be levied by the commissioners court is not considered to be a property tax imposed by the county in which the board of education, board of trustees, or committee is located for purposes of any constitutional or statutory limit on the property tax rate of the county.

C.S.H.B. 3387 repeals Section 18, Chapter 925 (S.B. 1566), Acts of the 85th Legislature, Regular Session, 2017.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3387 may differ from the original in minor or nonsubstantive ways, the

following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes provisions that do the following:

- revise language describing the transfer of certain assets, liabilities, and contracts from the committee to the commissioners court to characterize the commissioners court as assuming control and administrative responsibility instead of ownership and responsibility and to specify the inclusion of debts and other obligations in that transfer;
- limit the use by the county of delinquent taxes imposed by or on behalf of the board of education or board of trustees to the payment of debt described in an applicable final judgment of a court and provide for the proportionate distribution of that revenue to districts in the county on completion of payment of that debt;
- restrict the sources of funds from which any transferred liability, debt, contract, or other obligation of the board of education, board of trustees, or committee may be paid;
- specify the rate of the property tax the commissioners court may continue to levy and clarify the actions that the commissioners court is not required to take with regard to the continuation of that tax;
- expand the authorized uses of funds reserved and retained by the committee for payment of debts and claims, other than debt described in an applicable final judgment of a court; and
- establish that a property tax that continues to be levied by the commissioners court is not considered to be a property tax imposed by the county for purposes of any constitutional or statutory limit on the county's property tax rate.

The substitute does not include a requirement for any delinquent property tax adopted by the board of education, board of trustees, or committee that continues to be levied by the commissioners court to be collected in the same manner that a delinquent county tax is collected and used in accordance with administrative rule adopted by the commissioner of education.