

## **BILL ANALYSIS**

Senate Research Center  
86R22322 CAE-D

C.S.S.B. 2018  
By: West  
Education  
4/10/2019  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In November 2017, Dallas County residents voted to close Dallas County Schools (DCS), a county board of education riddled with scandal. DCS once managed school bus service for 12 North Texas communities, which were forced to find new bus providers or begin their own service.

S.B. 1566 and S.B. 1275, both passed by the 85th Texas Legislature, required a dissolution committee be created to facilitate the closing of DCS if voters agreed to close the agency. This dissolution committee - appointed by the Comptroller of Public Accounts - was charged with determining the manner in which all assets, liabilities, contracts, and services of the Dallas County Schools were to be divided, transferred, or discontinued. In addition, the dissolution committee was required to transfer all buses, vehicles, and bus service centers by the end of 2017-18 school year to participating component school districts at no cost to the districts and in proportionate shares. The committee was also required to create a sinking fund to deposit all money received in the abolishment of Dallas County Schools for the payment of all debts.

Both bills required the dissolution committee to pay the debt and obligations of DCS and for the Dallas County Commissioners Court to assess taxes to pay off that debt and obligations. The dissolution committee and the Dallas County Commissioners Court underwent litigation to determine the debt that would be paid through the tax. In order to comply with the state-mandated deadline, the dissolution committee levied taxes in order to pay off the remaining debts and obligations of DCS.

S.B. 2018 would abolish the dissolution committee established as a result of eliminating DCS and transfer the tax levy obligations of the committee to the Dallas County Commissioners Court. The dissolution committee has fulfilled all other obligations under S.B. 1566 and S.B. 1275 that were passed by the 85th Texas Legislature. Given the Dallas County Commissioners Court's explicit tax levying authority, in addition to recent district court judgements, any remaining delinquent obligations from DCS should be levied by the Dallas County Commissioners Court. (Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 2018 amends current law relating to abolishing a dissolution committee established to abolish certain county boards of education or boards of county school trustees and appointing commissioners courts to assume the duties of the dissolution committee.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 15.001, Chapter 967 (S.B. 2065), Acts of the 85th Legislature, Regular Session, 2017, by amending Subsections (b), (n), and (s) and adding Subsections (t), (u), (v), (w), (x), and (y), and (z), as follows:

(b) Provides that if on the effective date of this Act there is an existing contract for transportation services to which a county board of education, board of county school

trustees, or office of county school superintendent is a party, it is required to be wound down in the manner described by Subsections (c)-(z), rather than Subsections (c)-(r), of this section.

(n) Requires the county, rather than the county in the manner provided by rule of the commissioner of education (commissioner), to collect and use any delinquent taxes imposed by or on behalf of the county board of education or board of county school trustees for payment of debt described by Subsection (t) of this section. Requires any delinquent taxes collected under this subsection, on completion of payment of all debt described by Subsection (t) of this section, to be distributed on a proportionate basis to the school districts in the county, based on the percentage of each district's number of enrolled students in the county to all students enrolled in the county in the school year immediately preceding the year of the distribution.

(s) Provides that any dissolution committee created as provided by this Act is abolished on September 1, 2019, and all duties and obligations of the committee are transferred to the commissioners court of the county in which the county board of education or board of county school trustees was located. Provides that on September 1, 2019, the commissioners court assumes control of and responsibility for administering all assets, liabilities, debts, contracts, and other obligations of the county board of education, board of county school trustees, or dissolution committee and is required to take control of any funds of the dissolution committee, including any sinking fund created by the dissolution committee as provided by Subsection (h) (relating to the manner in which certain assets, liabilities, contracts, and services are divided, transferred, or disconnected and the establishment of a sinking fund) of this section. Authorizes any liability, debt, contract, or other obligation of the county board of education, board of county school trustees, or dissolution committee transferred to the county as provided by this subsection to only be paid from the tax levied under Subsection (t) of this section, the sinking fund created under Subsection (h) of this section, and any funds transferred from the committee to the commissioners court. Provides that county assets, including tax revenue funds, are prohibited from being used to pay, and are not subject to, any liability, debt, contract, or other obligation transferred to the commissioners court under this subsection. Deletes existing text providing that the dissolution committee is abolished on the date all debt obligations of the county board of education or board of county school trustees are paid in full and all assets distributed to component school districts.

(t) Requires the commissioners court to continue to assess, levy, and collect any ad valorem tax adopted by the county board of education, board of county school trustees, or dissolution committee. Requires the commissioners court to continue to levy the tax annually at the rate of one cent per \$100 of ad valorem valuation, as previously adopted by the dissolution committee, until all debt of the county board of education or board of county school trustees described in a final judgment of a district court in litigation between the dissolution committee and the county is discharged in accordance with the terms of that judgment. Provides that notwithstanding any other law, 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 the tax authorized by this subsection. Provides that to the extent this subsection conflicts with Subsection (m) of this section, this subsection prevails.

(u) Authorizes the commissioners court to deduct from the proceeds of the ad valorem tax assessed, levied, and collected by the commissioners court under Subsection (t) of this section a reasonable and proportionate share for the administrative costs of collecting the tax.

(v) Requires the commissioners court to pay all other debts or claims not described by Subsection (t) of this section, including claims for workers' compensation and unemployment compensation filed on or before September 1, 2019, from funds reserved and retained by the dissolution committee for that purpose.

(w) Provides that all claims against the county board of education, board of county school trustees, or dissolution committee not filed on or before September 1, 2019, are barred. Prohibits a lawsuit from being filed against the county board of education, board of county school trustees, or dissolution committee after September 1, 2019. Provides that this provision takes precedence over any other statute of limitations.

(x) Authorizes the commissioners court to use funds described by Subsection (v) of this section to perform the duties related to the abolishment of the dissolution committee and the administration of the assets, liabilities, debts, contracts, or other obligations transferred to the commissioners court, including:

(1) paying reasonable administrative expenses, including legal fees and expenses incurred by the county or any third party; and

(2) employing or contracting with any person needed to assist with the abolishment and dissolution of the county board of education, board of county school trustees, or dissolution committee and the administration of the assets, liabilities, debts, contracts, or other obligations transferred to the commissioners court.

(y) Requires any remaining money, on completion of payment of all debt as provided by Subsection (t) of this section and any other debts or claims under Subsection (v) of this section, to be distributed on a proportionate basis to the school districts in the county, based on the percentage of each district's number of enrolled students in the county to all students enrolled in the county in the school year immediately preceding the distribution. Provides that to the extent this subsection conflicts with Subsection (o) (relating to proportionately distributing remaining assets, including by liquidating assets) of this section, this subsection prevails.

(z) Provides that an ad valorem tax imposed under Subsection (t) of this section is not considered to be an ad valorem tax imposed by the county in which the county board of education, board of county school trustees, or dissolution committee is located for purposes of any constitutional or statutory limit on the ad valorem tax rate of the county.

SECTION 2. Repealer: Section 18 (relating to the abolishment of a county board of education, board of county school trustees, and office of county school superintendent in a county fitting certain criteria and procedures for effecting such abolishment), Chapter 925 (S.B. 1566), Acts of the 85th Legislature, Regular Session, 2017.

SECTION 3. Effective date: upon passage or September 1, 2019.