BILL ANALYSIS

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Concerned citizens have raised concerns that once a municipal management district (MMD) is created it is extremely difficult and complex to dissolve the MMD after the purpose of the district has been accomplished.

S.B. 1452 will allow voters living in the district to vote whether the district should continue to exist. If a majority of the voters do not favor the continuation of the district, the district shall begin the dissolution process and may not incur new debt.

Districts created on or before November 1, 2016, shall hold an election on the uniform election date in November 2026. Districts created after November 1, 2016, shall hold an election on the uniform election date in November following the 10th anniversary of the district's creation.

As proposed, S.B. 1452 amends current law relating to continuation elections for municipal management districts.

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 Sections 375.264(a) and (b), Local Government Code, as follows:

(a) Prohibits a management district created under Chapter 375 (Municipal Management Districts in General) (district) from being dissolved by its board of directors (board) under certain sections, including Section 375.2631, if the district has outstanding bonded indebtedness until that bonded indebtedness has been repaid or defeased in accordance with the order or resolution authorizing the issuance of the bonds. Makes a nonsubstantive change.

(b) Provides that if a petition for dissolution is filed under Section 375.262 (Dissolution by Petition by Owners) with the board or a majority of voters do not favor the continuation of a district under Section 375.2631 and the district has outstanding bonded indebtedness secured by assessments, the district and board are required to take certain actions.

SECTION 2. Amends Subchapter M, Chapter 375, Local Government Code, by adding Section 375.2631, as follows:

Sec. 375.2631. CONTINUATION ELECTION; DISSOLUTION. (a) Requires the board, each 10th year, to call an election in the district to determine whether the district is authorized to continue. Provides that in all areas of conflict this section takes precedence over all prior statutory enactments.

(b) Requires that the following proposition, in an election ordered under Subsection (a), be submitted to the voters: "Shall the (name of district) be continued?"

(c) Provides that if the majority of votes cast in the election do not favor the proposition, the board, except as limited by Section 375.264 (Limitations on Dissolution by Board of District with Debt), is required to dissolve the district and is prohibited from incurring new debt.

(d) Requires a district created on or before November 1, 2016, to hold elections under Subsection (a) beginning on the uniform election date in November 2026. Requires a district created after November 1, 2016, to hold elections under Subsection (a) beginning on the uniform election date in November following the 10th anniversary of the district's creation.

SECTION 3. Effective date: September 1, 2025.