

BILL ANALYSIS

Senate Research Center

S.B. 248
By: Schwertner
Agriculture, Water & Rural Affairs
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, special utility districts (SUDs) formed under Texas law cannot legally dissolve, even if all liabilities and service responsibilities of the SUD have been transferred to a different political subdivision. Without a pathway to dissolution, these districts are still statutorily required to hold regular meetings and elections, despite no longer providing any services to customers.

S.B. 248 establishes a process by which a special utility district may legally dissolve, provided that its assets, liabilities, and certificate of convenience and necessity have previously been transferred to, or assumed by, another political subdivision. In order to dissolve, a two-thirds vote of the members of the board is required. (Original Author's / Sponsor's Statement of Intent)

S.B. 248 amends current law relating to the dissolution of the Chisholm Trail Special Utility District.

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 Subtitle C, Title 6, Special District Local Laws Code, by adding Chapter 7219, as follows:

CHAPTER 7219. CHISHOLM TRAIL SPECIAL UTILITY DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 7219.001. DEFINITIONS. Defines "board," "city" and "district."

SUBCHAPTER B. DISSOLUTION OF DISTRICT

Sec. 7219.051. PROPOSAL FOR DISSOLUTION; NOTICE. (a) Authorizes the board of directors of Chisholm Trail Specialty Utility District (board; district), if a majority of the board votes to propose to dissolve the district, to issue notice of a hearing on a proposal to dissolve the district.

(b) Prohibits the district from voting on the issue of dissolution before the earlier of August 31, 2019, or, if the district is a party to a lawsuit pending on May 1, 2017, the day a certain judicial decision is made.

(c) Requires that notice of the hearing, not later than the 14th day before the date set for the hearing:

(1) be posted at the courthouse of each county in which the district is located and at the district's office; and

(2) be published at least one time in a newspaper of general circulation in each county in which the district is located.

Sec. 7219.052. HEARING AND ORDER. (a) Requires the board, at the hearing, held at the time and place stated in the notice under Section 7219.051, to:

(1) hear all interested parties;

(2) consider whether the best interests of the persons and property in the district will be served by dissolving the district; and

(3) vote on whether to dissolve the district.

(b) Requires the board, if two-thirds of the members of the board vote to dissolve the district, to enter a finding in its records that the district will be dissolved after completion of the process to transfer to the City of Georgetown (city) the district's certificate of convenience and necessity and other assets and liabilities under Section 7219.053. Requires the board, after the district's certificate of convenience and necessity and other assets and liabilities are transferred to the city under Section 7219.053, to enter an order in its records dissolving the district.

(c) Requires the board, if two-thirds of the members of the board do not vote to dissolve the district, to enter an order in its records providing that the district is not to be dissolved.

Sec. 7219.053. ASSUMPTION OF OPERATION, MANAGEMENT, AND ASSETS AND LIABILITIES OF DISTRICT. (a) Requires the city, on the date the board enters a finding under Section 7219.052(b) that the district will be dissolved, to assume certain aspects and records of the district.

(b) Requires the state agency, to the extent that the assumption of an item listed in Subsection (a) requires the approval of a state agency, to grant approval without additional notice or hearing.

(c) Provides that this section does not enhance or harm the position of a contracting party.

Sec. 7219.054. REVIEW OF BOARD'S ORDER. Provides that the board's order dissolving the district is final and prohibited from being appealed in any manner to any judicial, administrative, or other tribunal if the board's order is entered after the completion of the process to transfer the district's certificate of convenience and necessity, including any necessary approval of a state agency.

SECTION 2. Effective date: upon passage or September 1, 2017.