

CHAPTER 673

S.B. No. 669

AN ACT

relating to authorizing the creation of emergency services districts, to their organization, powers and duties, operations, financing, and dissolution, and to authorizing emergency services districts to levy taxes and issue bonds.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. EMERGENCY SERVICES DISTRICTS AUTHORIZED. Emergency services districts may be organized in this state under Article III, Section 48-e, of the Texas Constitution for the protection of human life and health as provided by this Act.

SECTION 2. PETITION FOR DISTRICT IN ONE COUNTY. (a) When it is proposed to create an emergency services district under this Act that is wholly within one county, there shall be presented to the county judge of that county a petition signed by at least 100 of the qualified voters who own taxable real property within the proposed district. If there are less than 100 qualified voters who own taxable real property within the proposed district, a majority of those voters must sign the petition.

(b) The county judge has jurisdiction to receive and act on the petition if it shows:

(1) that the district is to be created and operated under Article III, Section 48-e, of the Texas Constitution;

(2) the name of the proposed district, which must be "_____ County Emergency Services District No. ____", with the name of the county and the proper consecutive number inserted;

(3) the designated boundaries of the proposed district by metes and bounds or by other sufficient legal description;

(4) that none of the land encompassed within the proposed district is now included within any other emergency services district; and

(5) the mailing address of each petitioner.

(c) In addition, the petition must contain the signed agreement of at least two of the petitioners obligating themselves to pay the cost incidental to the formation of the proposed district in an amount not to exceed \$150. That amount includes the cost of publication of notices, election costs, and any other necessary and incidental expenses.

SECTION 3. PETITION FOR DISTRICT IN MORE THAN ONE COUNTY. (a) When it is proposed to create an emergency services district under this Act that encompasses territory in more than one county, there shall be presented to the county judge of each county in which the proposed district will be located a petition signed by at least 100 of the qualified voters who own taxable real property within the proposed district and in the county in which that county judge presides. If there are less than 100 qualified voters who own taxable real property within the area of the county to be included in the proposed district, a majority of those voters must sign the petition.

(b) The county judge of each county has jurisdiction to receive and act on the petition if it shows:

(1) that the district is to be created and operated under Article III, Section 48-e, of the Texas Constitution;

(2) the name of the proposed district, which must be "_____ Emergency Services District";

(3) the designated boundaries of the proposed district by metes and bounds or other sufficient legal description;

(4) that none of the land encompassed within the proposed district is now included within any other emergency services district; and

(5) the mailing address of each petitioner residing in the county in which that county judge presides.

(c) In addition, the petition must contain the signed agreement of at least two of the petitioners who reside in the county in which that county judge presides obligating themselves to pay the cost incidental to the formation of the proposed district in an amount not to exceed \$150. That amount includes the cost of publication of notices, election costs, and any other necessary and incidental expenses.

SECTION 4. FILING OF PETITION. If the petition is in proper form, the county judge shall file the petition with the county clerk. The commissioners court shall at its next regular or special session set the place, day, and hour when it will hear and consider the petition.

SECTION 5. NOTICE OF HEARING ON PROPOSED DISTRICT. (a) The county clerk shall issue notice of the hearing. The notice must state:

(1) that the district is proposed and is to be created and operated under Article III, Section 48-e, of the Texas Constitution;

(2) the name of the proposed district;

(3) the designated boundaries of the district as stated in the petition;

(4) the place, day, and hour of hearing on the petition; and

(5) that any person who may have an interest in the petition may attend the hearing and present grounds, if any, for or against the formation of the district.

(b) The notice must be prepared in multiple copies. The clerk shall retain one copy and shall deliver sufficient additional copies to the sheriff as may be necessary.

(c) The sheriff shall post one copy at the courthouse door at least 20 days before the date of hearing and shall publish notice in a newspaper of general circulation in the proposed district once a week for two consecutive weeks. The first publication must be made at least 20 days before the date of hearing.

(d) The return of each officer executing the notice must be endorsed or attached to a copy of the notice. The return must show the execution of the notice, specify the dates of posting and publication, and be accompanied by a printed copy of the publication.

SECTION 6. HEARING ON PETITION BY COMMISSIONERS COURT. At the time and place set for hearing the petition, or at a subsequent date set at that time, the commissioners court shall hear the petition and all issues concerning the creation of the proposed district. Any person interested may appear before the commissioners court in person or by attorney and contend for or contest the creation of the district and offer testimony pertinent to any issue concerning the creation. The court has exclusive jurisdiction to determine all issues concerning the creation of the district, may adjourn the hearing at any time as the facts may require, and may make all incidental orders considered proper concerning the matters before it.

SECTION 7. ACTION ON PETITION. If at the hearing it appears to the commissioners court that the organization of a district as petitioned for is feasible and practicable, and will be conducive to the public safety, welfare, health, and convenience of persons residing in the district, the court shall make those findings and grant the petition and fix the boundaries of the district. If the court does not make those findings, it shall deny the petition.

SECTION 8. TIME FOR HOLDING ELECTION; NOTICE. When the petition is granted, the commissioners court shall call an election to confirm the organization and authorize the levy of an ad valorem tax in an amount not to exceed 10 cents on the \$100 valuation, unless any area included within the boundaries of a rural fire prevention district is included within the boundaries of an emergency services district, in which case the commissioners court shall call an election to confirm the organization and authorize the levy of an ad valorem tax in an amount not to exceed two cents on the \$100 valuation. If it appears on the face of the petition that the proposed district is to encompass more than one county or portions of more than one county, the commissioners court may not call an election until the commissioners court of any other county in which the district is proposed has also granted the petition. After all commissioners courts involved have granted the petition, the election shall be held not less than 30 days nor more than 60 days after the order calling the election. Notice of the election must be given as provided

by this Act for the hearing on the petition to form the district. The notice must contain the proposition submitted, the classification of voters who are authorized to vote, and the time and place for holding the election. If the proposed district is multicounty, the time for holding the election must be as near as practical to the time that the commissioners courts in the other counties have agreed to hold the election.

SECTION 9. INCORPORATED MUNICIPALITY IN PROPOSED DISTRICT. (a) If the area of the proposed district encompasses the territory of an incorporated municipality, including the area within the extraterritorial jurisdiction of the municipality, the commissioners court of the county in which the municipality lies, in making the determination required by Section 7 of this Act, shall also determine whether those findings would be the same as to the remaining portion of the proposed district, excluding the territory of the incorporated municipality in the event that the municipality fails to cast a majority vote in favor of the district and the tax.

(b) The finding made under Subsection (a) of this section shall be made as to each particular municipality whose territory is proposed to be included within the area of the proposed district.

(c) A district may not include the area within the corporate or extraterritorial jurisdiction of an incorporated municipality unless the majority of the voters residing in that area and participating in the election called by the commissioners court to confirm the district and levy the tax voted in favor of both the creation of the district and the levy of the tax.

(d) If a majority of the voters residing in the corporate or extraterritorial jurisdiction of a municipality and participating in the election votes against creation of the district or levy of the tax, the area may not be included in the district, but its exclusion does not affect the creation of the district embracing the remainder of the proposed territory if the findings of the commissioners court made as required in Section 7 of this Act and in this section are favorable to the creation of the district, as restricted. If any nonconsenting municipality annexes territory into the proposed district, then the board of emergency services commissioners shall, after notice, immediately disannex the area from its district and shall cease to provide any further services to the residents of that area.

SECTION 10. CONSENT BY INCORPORATED CITY. (a) When the creation of an emergency services district is proposed in an area that includes territory within the corporate limits or extraterritorial jurisdiction of a municipality, a written request to be included in the district shall be presented to the governing body of the municipality. Except as provided by Subsection (c) of this section, the municipality or area within its extraterritorial jurisdiction may not be included in the district unless the governing body gives its written consent not later than the 60th day after the date on which the request for inclusion is received.

(b) If the governing body does not consent to the inclusion in the time provided by Subsection (a) of this section, a majority of the qualified voters and the owners of 50 percent or more of the land in the corporate or extraterritorial jurisdiction area of the municipality to be included in the district may petition the governing body to make fire control and emergency medical and ambulance services available to that area. The petition must be submitted to the governing body not later than the 90th day after the date on which the written request is received under Subsection (a) of this section.

(c) If the governing body refuses or fails to act on the petition requesting fire protection and emergency medical and ambulance services within six months after the date on which the petition is received, the refusal or failure to act constitutes consent by the governing body for the district to be created in accordance with the other sections of this Act, including the area that is the subject of the petition.

(d) If the proposed district is to include an area designated by a municipality as an industrial district under Section 5, Municipal Annexation Act (Article 970a, Vernon's Texas Civil Statutes), consent to include the industrial district in the emergency services district must be obtained from the governing body in the same manner provided by this section for including areas within the corporate limits or extraterritorial jurisdiction of a municipality.

(e) If the governing body consents under this section to allow an area within its corporate limits or extraterritorial jurisdiction or in an industrial district to be included in the district, the area may be included in the proposed district in the same manner as other areas under this Act.

(f) Consent by the governing body obtained under this section to initiate proceedings to create an emergency services district under Section 9 of this Act expires six months after the date on which the consent is given.

SECTION 11. ORDER CREATING DISTRICT. If a majority of those voting at an election to create an emergency services district votes in favor of the formation of the district, the district shall be considered an organized emergency services district under this Act. The commissioners courts of the counties in which the district is located shall enter orders accordingly in their minutes substantially in the following form:

Whereas, at an election duly and regularly held on the ____ day of _____, A.D. 19____, within that portion of _____ County, State of Texas, described as: (insert description unless the district is countywide) there was submitted to the legal voters thereof the question whether the above described territory shall be formed into an emergency services district under the provisions of the laws of this state; and

Whereas, at such election ____ votes were cast in favor of formation of said district and ____ votes were cast against such formation; and

Whereas, the formation of such emergency services district received the affirmative vote of the majority of the votes cast at such election as provided by law;

Now, therefore, the County Commissioners Court of _____ County, State of Texas, does hereby find, declare and order that the tract hereinbefore described has been duly and legally formed into an emergency services district (or a portion thereof) under the name of _____, under and pursuant to Article III, Section 48-e, of the Texas Constitution, and with the powers vested in such district conferred by law.

SECTION 12. ELECTION TO CREATE DISTRICT IF ORIGINAL ELECTION FAILS. If a majority of those voting at an election to create an emergency services district votes against the formation of the district, the commissioners court of any county in which all or part of the proposed district was located may not order another election for the creation of a district within the boundaries of the proposed district for one year after the date on which the original election results were announced. Any subsequent election is subject to the requirements provided by this Act for holding the original election.

SECTION 13. OVERLAPPING BOUNDARIES. (a) If the territory within the boundaries of two or more emergency services districts overlaps, the commissioners court of the county in which the most recently created district is located by order shall exclude from that district the territory that overlaps with the other district.

(b) For purposes of this section, a district is created on the date of the election approving its creation. If the elections approving the creation of two or more districts are held on the same date, the most recently created district is the district for which the hearing required by Section 6 of this Act was most recently held.

(c) The fact that a district is created with boundaries that overlap with boundaries of any other district does not affect the validity of either district created under this Act.

(d) A business entity operating and providing its own fire control is not subject to the ad valorem tax authorized by this Act and is not subject to the other powers of an emergency services district established by this Act if the entity:

(1) is providing its own fire control on the date of creation of an emergency services district within which the entity is located;

(2) receives appropriate certification from the Commission on Fire Protection Personnel Standards and Education and the Texas State Board of Medical Examiners; and

(3) owns or operates fire-fighting, medical, or ambulance equipment and apparatus equivalent to or better than that of an emergency services district or metropolitan county fire protection system, as defined by the State Board of Insurance.

SECTION 14. POWERS. (a) Emergency services districts are political subdivisions of the state and have full authority to carry out the objects of their creation, including fire prevention, fire-fighting services, emergency medical services, and ambulance services. An emergency services district may:

- (1) acquire, purchase, hold, lease, manage, occupy, and sell real and personal property or any interest in that property;
- (2) enter into and perform any necessary contracts;
- (3) appoint and employ necessary officers, agents, and employees;
- (4) sue and be sued;
- (5) levy and enforce the collection of taxes in the manner and subject to the limitations provided in this Act against the lands and other property within the district for the district revenues;
- (6) accept and receive donations;
- (7) lease, own, maintain, operate, and provide emergency services vehicles and all other necessary or proper apparatus, instrumentalities, machinery, and equipment for the provision of emergency services;
- (8) lease, own, and maintain real property and improvements and fixtures on that property as suitable and convenient for housing, repairing, and caring for emergency services vehicles, and associated equipment;
- (9) promote educational programs considered necessary to achieve the purposes of this Act;
- (10) cause inspections to be made concerning causes and prevention of fires and medical emergencies in the district; and
- (11) perform all acts proper and necessary to carry out the purposes of this Act.

(b) An emergency services district may enter into contracts with other entities, including incorporated cities or towns or other districts, whereby emergency services may be available to the district, on terms determined by the governing body of the district. The contract may provide for reciprocal operation of services and facilities if the contracting parties find that such reciprocal operation would be mutually beneficial and not detrimental to the district.

(c) An emergency services district is not required to perform all the functions it is authorized to perform under this Act but may be established to provide limited services.

(d) An emergency services district may contract with the state or a political subdivision of the state for law enforcement services. However, the district may not employ or commission peace officers.

SECTION 15. LIABILITY OF DISTRICT. (a) An emergency services district is not liable for a claim arising from the act or failure to act of an employee or a volunteer under oral or written contract with the district if the act or failure to act:

- (1) is in the course and scope of the employee's or volunteer's duties on behalf of the district;
- (2) takes place during the provision of emergency services;
- (3) is not in violation of a statute or ordinance applicable to emergency action; and
- (4) is not wilfully or wantonly negligent.

(b) This section does not expand the liability of an emergency services district.

SECTION 16. BOARD OF EMERGENCY SERVICES COMMISSIONERS FOR DISTRICT IN ONE COUNTY. (a) The board of emergency services commissioners is appointed by the commissioners court. The board is the governing body of a district created under this Act. Members of the board serve for a term of two years and until their successors are appointed and qualified.

(b) On the canvass of the election returns and entering of the order creating the district as provided by Section 11 of this Act, the commissioners court shall appoint five emergency services commissioners to serve until January 1 of the next year. On that

date, the commissioners court shall designate three of the emergency services commissioners to serve for a term of two years and two to serve for one year. Annually on January 1 thereafter, the court shall appoint a successor to each commissioner whose term has expired. Vacancies on the board shall be filled by the commissioners court for their unexpired term.

(c) Each of the emergency services commissioners must take the official oath required of members of the legislature before beginning the commissioner's duties.

(d) The emergency services commissioners shall choose from among the board a president, vice-president, secretary, and treasurer to perform the duties usually required of those offices. The same person may hold the office of secretary and treasurer.

(e) The treasurer shall enter into and file with the county clerk a bond conditioned on the faithful performance of the duties of the office. The county judge shall determine the sufficiency and amount of the bond before it may be filed.

SECTION 17. BOARD OF EMERGENCY SERVICES COMMISSIONERS FOR MULTICOUNTY DISTRICT. (a) The board of emergency services commissioners of a multicounty emergency services district consists of five members who constitute the governing body of a multicounty district created under this Act. Members of the board serve for a term of two years and until their successors are elected and have taken office.

(b) The county judges of the counties in which the district is located shall mutually establish a day convenient to them in November to hold an election for the purposes of electing the board of emergency services commissioners of the district. Any person who is a resident of the district and is 18 years of age is eligible to run as commissioner. He shall give notice to the county clerk of each county in which the district is located of his intention to run for office. The notice must give the person's name, age, and address and state that he is serving notice of his intent to run as commissioner of the emergency services district. The notice must be sworn to before the county clerk may receive it. On receipt of the notice, the county clerk shall cause the candidate's name to be printed on the ballots suitable to the county clerk for an election of this character. The county clerks of the counties in which the district is located shall mutually appoint an election judge to certify the winners of the result of the election. After the election is held, each of the county clerks or one of their deputies shall prepare under oath a statement of the cost of the election. The statement shall be tendered to the newly elected constituted board of the emergency services district. The board shall order its proper official to reimburse each county for the cost expended by it for the election.

(c) The term of the board begins January 1 and runs for two years. Subsequent elections of the board shall be held in November in the year after the election of the first board on a date to be agreed on by the county judges of the counties in which the district is located.

(d) Two of the members of the first board have initial terms of one year. In November of the year of taking office, another election shall be provided for those two offices. After that time, one election shall be held every two years for those two offices. The two commissioners that run for office in the next year are the two who received the lowest number of votes in the first election of the board.

(e) Each of the emergency services commissioners must take the official oath required by members of the legislature before beginning the commissioner's duties.

(f) The emergency services commissioners shall choose from among the board a president, vice-president, secretary, and treasurer to perform the duties usually required of those offices. The same person may hold the offices of secretary and treasurer.

(g) The treasurer shall enter into and file with the county clerk of the largest county in population in which the district is located, according to the most recent federal census, a bond conditioned on the faithful performance of the duties of his office. The county judge of that county shall determine the sufficiency and amount of the bond before it may be filed.

SECTION 18. POWERS OF BOARD. (a) The board of emergency services commissioners shall administer all the affairs of the district in accordance with this Act, shall hold regular monthly meetings and any other meetings considered necessary, and shall

keep proper minutes and records of all its acts and proceedings. A majority of the board constitutes a quorum.

(b) An emergency services commissioner may not receive any compensation for his services, but may be compensated for reasonable and necessary expenses when on official business of the district. All funds of the district shall be disbursed by check signed by the treasurer and countersigned by the president, but payments from tax funds may not be paid unless a sworn itemized account covering the check has been presented to and approved by the board.

(c) Not later than February 1 each year, the board shall present in writing to the commissioners court of each county in which the district is located an accounting of its administration for the preceding calendar year and of the financial condition of the district. In addition, the board shall present any reports as may be required at any time by the state fire marshal, the commissioner of health, and any other authorized party or agency.

(d) An emergency services commissioner may not become interested in any contract or transaction in which the district is a party whereby he may receive any money, consideration, or other thing of value, other than as a resident or property owner of the district.

SECTION 19. LIMITATION ON INDEBTEDNESS. Except as provided by Sections 21 through 27 of this Act, an emergency services district may not contract indebtedness in any one year in excess of funds then on hand or which may be satisfied out of current revenues for the year. The board of emergency services commissioners shall annually levy and cause to be assessed and collected a tax on all real and personal property located in the district and subject to district taxation, in an amount not to exceed 10 cents on the \$100 valuation for the support of the district and for the purposes authorized in this Act. The tax levy shall be certified to the county tax assessor-collector who shall be the assessor-collector for the district.

SECTION 20. BONDS AND NOTES AUTHORIZED. (a) To carry out the powers of an emergency services district and on approval by a majority vote of the commissioners court of each county in which all or part of the district is located, the board of emergency services commissioners may issue bonds and notes in one or more issues or series that are payable from and secured by liens on and pledges of:

- (1) ad valorem taxes;
- (2) all or part of any of the revenues, income, or receipts of the district; or
- (3) a combination of those taxes, revenues, income, and receipts.

(b) The bonds and notes may be issued to mature serially or otherwise in not more than 40 years from the date of their issuance.

(c) Provision may be made for the subsequent issuance of additional parity bonds and notes, or subordinate lien bonds or notes, under terms and conditions stated in the resolution authorizing the issuance of the bonds or notes.

(d) The bonds, notes, and any interest coupons are investment securities under Chapter 8, Business & Commerce Code.

(e) The bonds and notes may be:

- (1) issued registrable as to principal alone or as to both principal and interest;
- (2) made redeemable before maturity;
- (3) issued in the form, denominations, and manner and under the terms, conditions, and details provided by the resolution; and
- (4) sold in the manner, at the price, and under the terms, conditions, and details provided by the resolution.

(f) The bonds and notes bear interest at rates not to exceed the maximum rate allowed by Chapter 3, Acts of the 61st Legislature, Regular Session, 1969 (Article 717k-2, Vernon's Texas Civil Statutes).

(g) If provided by the resolution, the proceeds from the sale of the bonds or notes may be used for:

- (1) paying interest on the bonds or notes during the period of the acquisition or construction of any facilities to be provided through the issuance of the bonds or notes;
- (2) paying expenses of operation and maintenance of the facilities;
- (3) creating a reserve fund for the payment of the principal of and interest on the bonds or notes; and
- (4) creating any other funds.

(h) Proceeds from the sale of the bonds and notes may be placed on time deposit or invested, as provided in the resolution, until needed.

(i) If the bonds or notes are issued payable by a pledge of revenues, income, or receipts, the district may pledge all or any part of its revenues, income, or receipts from fees, rentals, rates, charges, and proceeds and payments from contracts to the payment of the bonds or notes, including the payment of principal, interest, and any other amounts required or permitted in connection with the bonds or notes. The pledged fees, rentals, rates, charges, proceeds, or payments shall be established and collected in amounts that will be at least sufficient, together with any other pledged resources, to provide for all payments of principal, interest, and any other amounts required in connection with the bonds or notes, and, to the extent required by the resolution authorizing, or the trust indenture securing, the issuance of the bonds or notes, to provide for the payment of expenses in connection with the bonds or notes and the operation, maintenance, and other expenses in connection with the facilities.

(j) If the bonds or notes are payable wholly from ad valorem taxes, the board of emergency services commissioners shall levy a tax at the time of the authorization of the bonds or notes sufficient to pay the principal of and interest on the bonds or notes as the interest and principal come due and to provide reserve funds if prescribed in the resolution authorizing or the trust indenture securing the bonds or notes.

(k) If the bonds or notes are payable both from ad valorem taxes and from revenues, income, or receipts of the district, the board of emergency services commissioners, at the time of the authorization of the bonds or notes, shall levy a tax sufficient to pay the principal of and interest on the bonds and notes and to create and maintain any reserve funds.

(l) The rate of tax actually to be collected for any year shall be established taking into consideration the money that will be available for payment of the principal of and interest on the bonds or notes and for the creation of any reserve funds to the extent and in the manner permitted by the resolution authorizing or the trust indenture securing the bonds or notes.

SECTION 21. ELECTION TO APPROVE BONDS AND NOTES. (a) Bonds and notes secured in whole or in part by taxes may not be authorized by the district until approved by a majority vote of the qualified voters of the district at an election called for that purpose.

(b) The board of emergency services commissioners may order an election, and the order calling the election shall state the nature and the date of the election, the hours during which the polls will be open, the location of the polling places, the amount of bonds or notes to be authorized, and the maximum maturity of the bonds or notes.

(c) The board shall give notice of the election by publishing a copy of the order calling the election at least once in a newspaper with general circulation in the district. The notice must be published at least 30 days before the date set for the election.

(d) At an election to approve bonds or notes payable wholly from ad valorem taxes, the ballots must be printed to provide for voting for or against the proposition: "The issuance of (bonds or notes) and the levy of taxes for payment of the (bonds or notes)." At any election to authorize bonds or notes payable from both ad valorem taxes and revenues, the ballots must be printed to provide for voting for or against: "The issuance of (bonds or notes) and the pledge of net revenues and the levy of ad valorem taxes adequate to provide for the payment of the (bonds or notes)."

(e) The board shall canvass the returns and declare the results of the election. If a majority of the votes cast at the election favors the issuance of the bonds or notes, the

bonds or notes may be issued by the board, but if a majority of the votes cast at the election does not favor issuance of the bonds or notes, the bonds or notes may not be issued.

SECTION 22. BOND ANTICIPATION NOTES. (a) An emergency services district may issue bond anticipation notes from time to time to carry out any one or more of its powers.

(b) The bond anticipation notes may be secured by a pledge of all or part of the ad valorem taxes and revenues, income, or receipts of the district.

(c) The district may from time to time authorize the issuance of bonds for the purpose of providing proceeds to pay the principal of and interest on bond anticipation notes. The bonds shall be secured by a pledge of all or part of the ad valorem taxes or revenues, income, or receipts of the district and may be issued on a parity with or subordinate to outstanding bonds of the district.

(d) If the resolution authorizing the issuance of or the trust indenture securing the bond anticipation notes includes a covenant that the notes are payable from the proceeds of the subsequently issued bonds, it is not necessary for the district to demonstrate for the purposes of receiving the approval of the attorney general or registration by the comptroller of public accounts that the ad valorem taxes or revenues, income, or receipts that may be pledged to payment of the notes will be sufficient to pay the principal of and interest on the notes.

SECTION 23. REFUNDING BONDS. (a) The bonds or notes issued under this Act may be refunded or refinanced by the issuance of refunding bonds for the purpose and under the terms, conditions, and details determined by the board of emergency services commissioners of the district.

(b) All pertinent and appropriate provisions of this Act are applicable to the refunding bonds, and the refunding bonds shall be issued in the manner provided in this Act for other bonds authorized under this Act.

(c) Refunding bonds may be sold and delivered in amounts necessary to pay the principal of, interest on, and redemption premium, if any, on bonds to be refunded at maturity or on any redemption date.

(d) The refunding bonds may be issued in exchange for the bonds being refunded, and the comptroller of public accounts shall register the refunding bonds and deliver them to the holder or holders of the bonds being refunded, as provided by the resolution authorizing the refunding bonds. The exchange may be made in one delivery or in several installment deliveries.

(e) The bonds and notes issued by the district may be refunded in the manner provided by any other applicable law of this state.

SECTION 24. EXAMINATION OF BONDS AND NOTES BY ATTORNEY GENERAL; REGISTRATION BY COMPTROLLER OF PUBLIC ACCOUNTS. (a) The bonds, notes, and bond anticipation notes issued under this Act and the appropriate proceedings authorizing their issuance must be submitted to the attorney general for examination.

(b) If the bonds, notes, or bond anticipation notes recite that they are secured by a pledge of revenues of any contract, a copy of the contract and the proceedings relating to the contract may be submitted to the attorney general.

(c) If the attorney general finds that the bonds, notes, or bond anticipation notes are authorized as provided by law and that the contract, if submitted, is made as provided by law, he shall approve the bonds, notes, or bond anticipation notes and the contract, if submitted.

(d) On approval, the bonds, notes, or bond anticipation notes shall be registered by the comptroller of public accounts.

(e) After approval and registration, the bonds, notes, or bond anticipation notes and the contract are incontestable in any court or other forum for any reason and are valid and binding obligations in accordance with their terms for all purposes.

SECTION 25. DEPOSIT OF FUNDS. (a) The board of emergency services commissioners shall designate one or more banks to serve as depositories for the funds of the district.

(b) The funds of the district shall be deposited in a depository bank, except that:

(1) the funds pledged to pay bonds or notes may be deposited with banks named in the trust indenture or in the bond or note resolution; and

(2) the funds shall be remitted to the bank of payment for the payment of principal of and interest on the bonds and notes.

(c) To the extent that the funds in a depository bank or a trustee bank are not insured by the Federal Deposit Insurance Corporation, the funds must be secured in the manner provided by law for the security of county funds. The resolution or trust indenture, or both, securing the bonds or notes may require that any or all of the funds must be secured by obligations of or unconditionally guaranteed by the United States government.

SECTION 26. INVESTMENT IN BONDS AND NOTES; SECURITY FOR DEPOSIT OF PUBLIC FUNDS. (a) The bonds and notes of a district are legal and authorized investments for banks, savings banks, trust companies, savings and loan associations, insurance companies, fiduciaries, trustees, guardians, and for the sinking funds of cities, towns, villages, counties, school districts, or other political corporations or subdivisions of the state.

(b) The bonds and notes are eligible to secure the deposit of public funds of the state and public funds of cities, towns, villages, counties, school districts, or other political corporations or subdivisions of the state, and the bonds and notes are legal and sufficient security for the deposits to the extent of their value and, if in coupon form, when accompanied by all unmatured coupons.

SECTION 27. EXPANSION OF DISTRICT TERRITORY. (a) Qualified voters who own taxable real property in a defined area of territory not included in a district may file a petition requesting inclusion with the secretary of the board of emergency services commissioners. The petition must be signed by at least 50 of those voters or a majority of those voters, whichever number is less.

(b) The board by order shall set the time and place of the hearing on the petition to include the territory in the district. The hearing shall be held at least 30 days from the date of the order.

(c) The secretary of the board shall issue notice of the time and place of the hearing, and the notice shall describe the territory proposed to be annexed. The secretary shall post copies of the notice in three public places in the district and one copy in a public place in the territory proposed to be annexed. The notices shall be posted for at least 15 days before the date of the hearing. The notice shall be published one time in a newspaper with general circulation in the county. The notice shall be published at least 15 days before the date of the hearing.

(d) If the board finds after the hearing that the addition would be feasible and practical and would be of benefit to the district, it may add the territory to the district by resolution entered in its minutes. The board is not required to include all the territory described in the petition if it finds that a modification or change is necessary or desirable.

(e) Annexation of the territory is not final until ratified by a majority vote of the electors at a separate election held in the district and by a majority vote of the electors at a separate election held in the territory proposed to be added.

(f) If the district has outstanding debts or taxes, the same election shall determine also whether or not the territory to be added will assume its proportion of the debts or taxes if the land is added to the district.

(g) The ballots shall be printed to provide for voting for or against the following propositions:

(1) "Adding (description of territory to be added) to the _____ Emergency Services District."

(2) “(description of territory to be added) assuming its proportionate share of the outstanding debts and taxes of the _____ Emergency Services District, if it is added to such district.”

(h) The notice of the election, the manner and time of giving the notice, the manner of holding the election, and qualifications of the voters shall be governed by other provisions of this Act, to the extent applicable.

SECTION 28. DISSOLUTION OF DISTRICT. (a) When it is proposed to dissolve an emergency services district created under this Act, a petition shall be presented to the board of emergency services commissioners for the district signed by at least 10 percent of the registered voters within the district. (b) If the petition is in proper form, the board shall set the day, place, and hour when it will hear and consider the petition.

(c) The board shall issue notices of the hearing, which must include:

- (1) the name of the district;
- (2) a description of the district's boundaries;
- (3) the proposal that the district be dissolved; and
- (4) the place, date, and time of the hearing on the petition.

(d) The notice shall be published in a newspaper of general circulation in the district once a week for two consecutive weeks. The first published notice must appear at least 20 days before the date of the hearing.

SECTION 29. HEARING ON PETITION. The board of emergency services commissioners shall hear the petition and all issues concerning the dissolution of the district. Any person interested may appear before the board and oppose or support the proposed dissolution. The board shall grant or deny the petition.

SECTION 30. ELECTION TO DISSOLVE DISTRICT. (a) On granting the petition, the board shall call an election to confirm the dissolution of the district.

(b) The election shall be held on the first uniform election date that occurs after the date of the board's decision on the petition.

(c) Notice of the election shall be given in the same manner as required by Section 28 of this Act. The notice must include:

- (1) the proposition to be submitted to the voters;
- (2) the classification of voters who are authorized to vote; and
- (3) the time and place for holding the election.

(d) The ballot shall be printed to provide for voting for or against the following: “Dissolving the _____ Emergency Services District.”

(e) The presiding judge of each voting place shall supervise the counting of all votes cast and shall certify the results to the board within 10 days after the date of the election. A copy of the results shall be filed with the county clerk in any county in which the district is located and shall become a public record.

(f) If the majority of the voters voting in the election vote to dissolve the district, the board shall declare the result and proceed with dissolution.

(g) If the proposition to dissolve the district fails to carry at the election, the board may not order another election for the same purpose within one year after the result is announced.

(h) After the dissolution of an emergency services district, an election may not be held to create a new emergency services district within the former boundaries of the dissolved district for a period of one year.

SECTION 31. ADMINISTRATION BY BOARD AFTER DISSOLUTION. (a) The board of emergency services commissioners shall continue to control and administer the property, debts, and assets of the district until all funds have been disposed of and all debts of the district have been paid or settled.

(b) The board may not dispose of the district's assets except for due compensation unless debts are transferred to another governmental entity or agency embracing the

district or within the district and unless the transfer will benefit the citizens of the district.

(c) After issuing the dissolution order, the board shall:

- (1) determine the debt, if any, owed by the district; and
- (2) levy and collect a tax on the property included in the tax roll of the district in proportion of the debt to the value of the property.

(d) Each taxpayer may pay the tax at once, and the board shall have suit instituted, if necessary, to enforce payment of taxes and to foreclose liens to secure the payment of taxes due the district.

(e) When all outstanding debts and obligations of the district are paid, the board shall order the secretary of the district to return all unused tax money to the taxpayers of the district on a pro rata basis. A taxpayer may request that his share of surplus tax money be credited to his county taxes. The board shall direct the secretary to transmit any funds so requested to the county tax assessor-collector.

(f) After all debts have been paid and all assets and funds have been disposed of as provided in this Act, the board shall file a written report with the commissioners court of each county in which all or part of the district is located setting forth a summary of the actions taken by the board in dissolving the district. Within 10 days after receiving the report and after determining that the requirements of this Act have been met, each of the commissioners courts shall enter an order finding the emergency services district dissolved, and on entry of the order, the emergency services commissioners shall be discharged from liability under their bonds, and the district shall be officially dissolved.

SECTION 32. REDUCTION OF TAX RATE. The qualified voters of an emergency services district may petition to reduce the tax rate in the district in the same manner provided in Sections 28 through 30 of this Act for dissolution of a district. The petition must state the new tax rate desired by the voters. However, the tax rate may not be reduced below the rate needed to pay any outstanding bonded indebtedness.

SECTION 33. CONVERSION OF RURAL FIRE PREVENTION DISTRICT. (a) Qualified voters who own taxable real property in a rural fire prevention district may present a petition to convert the rural fire prevention district into an emergency services district in the manner provided by this Act for creation of an emergency services district.

(b) If a rural fire prevention district is converted into an emergency services district, the emergency services district assumes all obligations and outstanding indebtedness of the rural fire prevention district that it succeeds.

SECTION 34. LIBERAL CONSTRUCTION. This Act and proceedings under this Act shall be liberally construed to achieve their purposes.

SECTION 35. EFFECTIVE DATE. This Act takes effect January 1, 1988, except that if the constitutional amendment proposed by the 70th Legislature, Regular Session, 1987, authorizing the creation of emergency services districts and authorizing those districts to levy an ad valorem tax on property located in the district is not adopted by the voters, this Act has no effect.

SECTION 36. EMERGENCY. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force according to its terms, and it is so enacted.

Passed the Senate on May 7, 1987, by a viva-voce vote; and that the Senate concurred in House amendment on May 25, 1987, by a viva-voce vote. Passed the House, with amendment, on May 22, 1987, by a non-record vote.

Approved June 19, 1987.

Effective Jan. 1, 1988, upon adoption of S.J.R. No. 27.