

# SAN PATRICIO COUNTY

ID# 64846  
MBJ

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## RQ-531

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0592

January 30, 1992

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Opinions Committee  
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Certified Mail  
Return Receipt Requested  
NO:P 796-351-243

Gentleman:

The County Auditor of San Patricio County, Texas, requests an attorneys general's opinion on these questions:

1. The creation of Taft Hospital District was authorized by H.B. 161 of the 1965 Legislature. A copy of the act is enclosed.

2. The Taft Hospital District was created. It established a hospital within its boundaries (in Taft, Texas) to furnish medical and hospital care to persons residing in said district. (Section 2 of the Act)

3. The hospital experienced financial difficulties in the late 1980's and its board of directors determined that it was no longer financial feasible to continue its operation.

4. A petition seeking dissolution of the hospital district was received by the Commissioners Court of San Patricio County (as provided in Section 17 (b) of the act); the Commissioners Court held a public hearing for the purpose of presenting evidence on whether the district is capable of being dissolved and arguments for and against the proposed dissolution (as provided in Section 17 (c) of the act); the Commissioners Court found that the district was qualified for dissolution (as provided in Section 17 (d) and 17 (a) of the act); the Commissioners Court ordered an election to determine whether the district was to be dissolved (as provided in Section 17 (d) of the act); the election was held; the voters voted for dissolution of the district; and on May 8, 1989, the Commissioners Court ordered the dissolution of the district and place a copy of the order in its minutes (as provided in Section 17 (d) of the act).

5. The district transferred all records, funds, and assets over to the Commissioners Court (as provided in Section 17 (e) of the act).

6. The Commissioners Court has wound up the operation and affairs of the district and determined the validity of all known claims against the district and satisfied totally all valid known claims (as provided in Section 17 (f) of the act)

7. The only assets of the district remaining is cash, accounts receivable, delinquent taxes, and medical records.

8. The district has ceased levying taxes; it last levied taxes for the year 1988.

9. The County Auditor of San Patricio County has these questions with respect to the winding up of the district:

a. Section 17 (f) of the act provides that the Commissioners Court shall determine the validity of All claims against the district and satisfy totally ALL valid claims. As stated above, the Commissioners Court has determined the validity of all KNOWN claims against the district and satisfied totally all valid KNOWN claims. Section 17 (g) of the act provides that when all claims have been settled the Commissioners Court shall declare the district dissolved.

QUESTION 1: May the Commissioners Court declare the district dissolved as it has satisfied all KNOWN claims or must it wait until the statutes of limitation has run against possibly UNKNOWN claims before declaring the district dissolved? If the Commissioners Court must wait until the statutes of limitation has run against possibly unknown claims before declaring the district dissolved, then how long should it wait before declaring the district dissolved?

b. Section 17 (h) of the act provides that the proceeds of the remaining assets of the district shall be "returned to the taxpayers of the district in the same proportion to the tax paid by the taxpayers for the current year as the excess of the assets bear to the total taxes levied for the current year."

QUESTION 2. May the proceeds of the remaining assets be distributed by delivering them to a governmental agency whose boundaries are coextensive with Taft Hospital District (such as the Taft Emergency Medical Service)?

Question 2a: If the Answer to Question 2 is negative, then should the proceeds of the remaining assets be distributed to taxpayers as provided in Section 17 (h) of H. B. 161 of the 1965 Legislature or distributed otherwise as may be provided in some other statute?

Question 2b: If the answer to Question 2a is that the assets should be distributed to taxpayers as provided in Section 17 (h) of H. B. 161, then

Question 2b1: To what year do the words "current year" in the statute refer? If the words "current year" refer to the year of distribution, then there will be no taxpayers who paid taxes for that year as the district has ceased levying taxes. Do those words direct distribution to taxpayers of the district in proportion to taxes paid by the taxpayer for the last year in which taxes were levied by the district or taxes paid for another year?

Question 2b2: Section 17 (h) directs distribution to the taxpayers of the district in the proportion to the tax PAID by the taxpayers. Is the distribution to be made only to taxpayers who have paid taxes and not to taxpayers who have failed to pay taxes? If so, is the distribution to be made to taxpayers who paid taxes before the date of distribution? Is distribution to be made to a taxpayer who paid part of his taxes but is delinquent in part?

Question 2b3: Section 17 (h) does not state who will make the distribution. Is it the responsibility of the Commissioners Court to make the distribution, should the funds escheat to the state for distribution from escheat, or should the distribution be otherwise made?

c. Section 17 (h) of the act provides that after payment of all claims against the district any asset of the district remaining shall be liquidated. As stated above, one of the remaining assets of the district is cash. During the winding up process the cash has been deposited at interest and has earned interest.

QUESTION 3: Is the earned interest part of the proceeds to be distributed, does it belong to the county, or does it belong to someone else?

d. Section 17 (h) of the act provides that after payment of all claims against the district any asset of the district remaining shall be liquidated. As stated above, one of the remaining assets of the district is accounts receivable.

QUESTION 4: How should the accounts receivable be liquidated? May the Commissioners Court sell the accounts receivable? May it forgive the payment of the accounts receivable? What is the status of accounts receivable (if any) collected after final distribution?

e. Section 17 (h) of the act provides that after payment of all claims against the district any asset of the district remaining shall be liquidated. As stated above, one of the remaining assets of the district is delinquent taxes.

QUESTION 5: How should the delinquent taxes be liquidated? Are the delinquent taxes uncollectible as the taxing entity (the district) no longer exists? May the Commissioners Court sell the delinquent taxes? May it forgive the payment of the delinquent taxes? What is the status of delinquent taxes (if any) collected after final distribution?

f. The county has the medical records of the district in storage.

QUESTION 6: Is the county entitled to retain storage expenses from the money to be distributed? If so, how is the amount of storage expenses to be determined?

g. The county has incurred and will incur administrative costs in dissolving the district.

QUESTION 7: Is the county entitled to retain administrative costs from the money to be distributed? If so, how is the amount of the administrative expenses to be determined?

Sincerely,

A handwritten signature in cursive script that reads "David Aken".

David Aken  
County Attorney