

## **BILL ANALYSIS**

C.S.H.B. 1770

By: Keel

State Cultural and Recreational Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Current law authorizes local option elections in any county for the creation of public library districts funded by a local sales tax of up to one-half of one percent. The law also provides that if the boundaries of a proposed district include any territory that is part of a municipality that has a municipal public library, the governing authority of that municipality must consent by resolution to allow the inclusion of that municipal territory in the proposed district. C.S.H.B. 1770 includes in the definition of a municipal public library the condition that a library be accredited for membership in the state library system and addresses the taxation utilized when creating a library district.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

SECTION 1. Amends Subchapter E, Chapter 326, Local Government Code, by adding Section 326.097, as follows:

Sec. 326.097. EFFECT OF TAX ON CERTAIN OTHER TAXING UNITS. (a) This section applies only to a municipality that does not have a municipal public library.

(b) Provides that an election to adopt or increase the local sales and use tax under this subchapter is to be treated also as an election that will have the effect of reducing the tax rate of an industrial development district if:

- (1) all or any part of the proposed district is included within the boundaries of an industrial development corporation created under Section 4B, Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes), by the municipality after the date of the first filing of a petition with the commissioners court of the county to create a library district under this chapter; and
- (2) the adoption or increase of the local sales and use tax under this subchapter would result in a combined tax rate of more than two percent in any location in the proposed district.

(c) If the voters approve the adoption or increase of the district tax under Subsection (b), the tax rate to which the development corporation's tax is reduced is the highest rate that will not result in a combined tax rate of more than two percent in any location in the proposed district.

(d) The rate of the tax imposed by the development corporation is increased without further action of the board or the voters of the development corporation or the district on the date on which the tax imposed under this subchapter is decreased or expires. The

development corporation's tax rate increases only to the extent that any tax imposed by the development corporation was reduced under this section when the tax imposed by the district was adopted or increased.

(e) This section does not permit a taxing unit to impose taxes at different tax rates in the territory of the unit.

(f) For the purposes of holding an election under this chapter, a petition filed with the commissioners court of the county to create a library district under this chapter is effective and valid for subsequent filing purposes until the second anniversary of the date on which the petition was first filed.

SECTION 2. Amends Section 326.003(3), Local Government Code, to include in the definition of a municipal public library the condition that a library be accredited for membership in the state library system.

SECTION 3. Amends Section 326.022(c), Local Government Code, to provide that if the boundaries of the proposed district include any territory that, on the date on which a petition is filed, rather than on which an election is ordered, on the question of creating the district, is part of a municipality that operates, rather than operated, a municipal public library, then the governing authority of that municipality must consent by resolution to allow the inclusion of that municipal territory in the proposed district.

SECTION 4. The changes in law made by Sections 2 and 3 of this Act applies to a petition that is filed before, on, or after the effective date of this Act.

SECTION 5. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2003.

#### **EFFECTIVE DATE**

Immediately, if approved by two-thirds of the legislature. If not approved immediately, the Act takes effect September 1, 2003.

#### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The substitute differs from the original by affecting only municipalities that do not have a municipal public library. Whereas, the original affected municipalities that did not support the petition to create a library district within the previous five years and did not have a library accredited for membership in the state library system when the petition was filed. The substitute adds the condition that all or any part of the proposed library district be within the boundaries of an industrial development corporation created by the municipality after the date of the first filing of a petition to create a district in order for an election to adopt or increase the local sales and use tax to be treated as an election that will have the effect of reducing the tax rate of an industrial development district.

Furthermore, the substitute decreases the time frame, from the fifth to the second anniversary, that a petition filed to create a library district is effective and valid for subsequent filings. The substitute also makes this time frame provision applicable to petitions filed before the effective date of this Act.