BILL ANALYSIS

BACKGROUND AND PURPOSE

In 1999, the 76th Legislature authorized the creation of county assistance districts (now codified as Chapter 387, Local Government Code). The districts were authorized in counties with a population is less than 45,000 of any portion was included in a metropolitan or regional transit authority. Rockwall County was within this definition and qualified to create a District.

A county assistance district can collect a local sales tax, not to exceed ½ cent, in areas of the county that are not currently subject to the maximum 2 percent local sales tax. With approval of the voters, the district provides additional revenue to meet basic county services. The district may not include any area that is currently taxed at the maximum two percent.

On November 7, 2000, the creation of the Rockwall County Public Safety and Fire Assistance District with a local sales tax of one-half percent was approved by the voters. The district included all areas of Rockwall County, except the City of Rowlett, which is included in the Dallas Area Rapid Transit Authority. The election was approved in all election precincts. The Commissioners Court, acting as the Governing Body of the District, confirmed the election results and ordered the collection of the sales tax in all areas of the district that were not currently at the maximum 2 percent level.

However, the Comptroller of Public Accounts refused to recognize the creation of the district and the imposition of the sales tax. The Comptroller argued that some ineligible areas (City of Rockwall and some uninhabited portions of Dallas and Garland) were included in the district. Since these areas were already taxed at two percent, the Comptroller refused to implement the tax in any area, even though the tax had been approved in each and every election precinct. This action by the Comptroller has effectively overruled the voters and prevented implementation of the district.

Rockwall County could have cured the objection of the Comptroller by calling another election. However, the results of the 2000 census were released before this remedy could be exercised. The 2000 census established the population of Rockwall County at 47,983. This prevents Rockwall County from conducting any further election to approve the district under Chapter 387, Local Government Code.

H.B. 2560 will correct this inequitable result. This bill will validate the election of November 7, 2000 and the levy of a one-half percent sales tax in those portions of the district that have not reached the two percent local maximum. It will give effect to the actions of the voters while preserving the maximum state and local sales tax at 8.25 percent. Unless H.B. 2560 is approved, the voters of Rockwall County will be denied the opportunity to create a county assistance district, and their prior election action will be void because of a technical error in the election process.

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.   The legislature validates and confirms the creation of the Rockwall County Public Safety and Fire Assistance District as of the date of the election held on November 7, 2000; and

the levy of a sales and use tax of one-half of one percent by the Rockwall County Public Safety and Fire Assistance District that occurred before the effective date of this Act, except for those portions of the district that would, with the addition of the tax, have a combined tax rate of more than two percent.

This section does not apply to any matter that on the effective date of this Act is involved in litigation if it results in the matter being held invalid by a final court judgment; or has been held invalid by a final court judgment.

This Act does not validate any governmental act or proceeding that would constitute a criminal offense.

SECTION 2.   Effective Date

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.