

## **BILL ANALYSIS**

H.B. 1720  
By: McReynolds  
Local Government Ways & Means  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

There are many counties around the state that are limited in the amount of revenue they can raise because other local entities within the county have already reached the 2% local tax cap. This prohibits the county from levying taxes in areas of the county that may desperately need to raise revenue for vital programs.

In an attempt to solve this problem, during the 76th Session Senator Ogden established Chapter 387 of the Local Government Code which created County Assistance Districts. Under this law, the County Commissioners Court can draw boundaries including only areas in the county that are not pushing the 2% cap, and can call an election within these boundaries to create a County Assistance District. Voters of this district may then decide whether or not to raise the sales and use tax in the these areas of the county.

However, this current law is restrictive and doesn't allow most counties to participate. There are only a few counties that qualify under these conditions, and currently no counties in Texas use County Assistance Districts.

HB 1720 bill opens up County Assistants Districts to all counties with a population of 50,000 or less so long as the District does not include any part of the county that is already at the 2% cap. It also adds a provision that cities can opt out of being included in the district before the election is called. However, if a city does not choose to opt. out, then they are not allowed to call an election on the same day to raise taxes.

### **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 ONE:**

Amends section 387.002 of the Local Government Code by increasing the population cap from 45,000 to 50,000 and deletes other criteria for establishing County Assistance Districts.

#### **SECTION TWO:**

##### **Section 387.003**

Amends Subsection (a) by allowing for funds raised under this provision to be used for firefighting and fire prevention services in addition to the other services already allowed.

Amends Subsection (b) by requiring the boundaries of the district to include any portion of the county not already at the 2% cap, and deleting the caveat that the district must include any portion of the county not located in a transportation authority.

Creates Subsection (b-1), requiring notification by the Commissioners Court to any municipality that has territory included in the proposed district. A municipality may choose to opt out of the proposed district. In the future this territory may be included in the district if the Commissioners Court holds an election under Subsection (f) with the consent of the municipality.

Amends Subsection (f) by explaining that an election may not be held in an area in which the combined sales and use taxes, including the rate to be imposed by the created district, would exceed 2 %.

Adds Subsection (g), clarifying that only an area in which an election is held under Subsection (f) may be added to the district.

Adds Subsection (h) clarifying that if more than one election to authorize a sales and use tax is held on the same day, and if approval by the voters would cause the tax to exceed two percent, only a tax authorized at an election under this section may be imposed.

SECTION THREE: States that the change in law of this Act applies only to an election ordered on or after the effective date of this Act.

SECTION FOUR: Effective date.

#### **EFFECTIVE DATE**

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, 2007.