

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 1720
By: McReynolds (Ogden)
Intergovernmental Relations
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, there are many counties around the state that are limited in the amount of revenue that can be raised due to other local entities within the county reaching the two percent cap on combined sales and use taxes. This situation prohibits the county from levying taxes in areas of the county that may need to raise revenue for certain programs.

In an attempt to address this problem, Chapter 387 (County Assistance District), Local Government Code, was created during the 76th Legislature, Regular Session, 1999, which authorized the commissioners court of a county to draw boundaries including only areas that are not already at the two percent cap and to call an election creating a county assistance district (district) within those boundaries. Voters in a district may then decide whether to raise the sales and use tax in the areas included in the district. However, the restrictions imposed by this chapter do not allow many counties to participate due to its restrictions, leading to the current situation in which such districts are not being used by any county in Texas.

C.S.H.B. 1720 repeals statute that provides certain criteria of a county that is authorized to use a district. This bill provides for cities to opt out of being included in the district before the election to create the district is called, but provides that those cities that do not opt out and that call an election on the same day to raise taxes will be superseded by the sales and use tax imposed by the district.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Repealer: Section 387.002 (Applicability), Local Government Code.

SECTION 2. Amends Section 387.003, Local Government Code, by amending Subsections (a), (b), and (f), and adding Subsections (b-1), (g), and (h), as follows:

- (a) Includes the provision of firefighting and fire prevention services as a function of a county assistance district (district).
- (b) Requires the order calling for the election to create a district to define the boundaries of the district to include any portion of the county in which the combined tax rate of certain local sales and use taxes imposed, including the rate to be imposed by the district if approved at the election, would not exceed two percent. Makes a conforming change.
- (b-1) Requires the commissioners court to send notice by certified mail to the governing body of the municipality of the court's intent to create the district, if that municipality has any territory included in the proposed district. Requires the commissioners court to send the notice to the board of directors of a corporation, if such is created by the municipality, under Section 4A (Cities Located in Counties with Population of 500,000 or Fewer or With Population of Fewer Than 50,000 in Certain Cases) or 4B (Corporation in City Located in County With Population of 500,000 or More, or 400,000 or More; Application of Section 4A), Development Corporation Act of 1979 (Article 5190.6, V.T.C.S). Requires the commissioners court to send the notice not later than the 60th day before the

date the commissioners court orders the election. Authorizes the governing body of the municipality to exclude the territory in question from the proposed district by sending notice by certified mail to the commissioners court indicating a desire for such exclusion. Requires the governing body to send that notice not later than the 45th day after the date the governing body receives notice from the commissioners court under this subsection. Authorizes the subsequent inclusion of a territory of a municipality that is excluded in an election held under Subsection (f) with the municipality's consent.

(f) Makes conforming changes.

(g) Provides that the area in which an election is held under Subsection (f) is included in the district and the sales and use tax is imposed if a majority of the votes received at the election favor inclusion in the district and imposition of the sales and use tax.

(h) Authorizes only the imposition of a sales and use tax authorized at an election under this section if more than one election to authorize a sales and use tax is held on the same day in the area of a proposed district or an area proposed to be added to a district and the resulting approval by the voters would cause the imposition of a sales and use tax in any area to exceed two percent.

SECTION 3. Makes application of Section 387.003(b-1), Local Government Code, as added by this Act, prospective.

SECTION 4. Effective date: upon passage or September 1, 2007.