

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: McReynolds

H.B. No. 1720

A BILL TO BE ENTITLED

AN ACT

relating to the counties eligible to create a county assistance district that may impose a sales and use tax.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 387.002, Local Government Code, is amended to read as follows:

Sec. 387.002. APPLICABILITY. This chapter applies only to a county that has a population of less than 50,000 ~~[45,000 if:~~

~~[(1) any portion of the county is included in an authority governed by Chapter 451 or 452, Transportation Code, or~~

~~[(2) the county does not contain any part of a municipality that, before the commissioners court of the county calls an election on the question of creating a district under Section 387.003, has:~~

~~[(A) created a development corporation under Section 4A or 4B, Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes), or~~

~~[(B) imposed a sales and use tax that when combined with any other sales and use tax applicable in the municipality, exceeds two percent].~~

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

(a) The commissioners court of the county may call an

1 election on the question of creating a county assistance district  
2 under this chapter to perform the following functions in the  
3 district:

4 (1) the construction, maintenance, or improvement of  
5 roads or highways;

6 (2) the provision of law enforcement and detention  
7 services;

8 (3) the maintenance or improvement of libraries,  
9 museums, parks, or other recreational facilities;

10 (4) the provision of services that benefit the public  
11 health or welfare, including the provision of firefighting and fire  
12 prevention services; or

13 (5) the promotion of economic development and tourism.

14 (b) The order calling the election must:

15 (1) define the boundaries of the district to include  
16 any portion of the county in which the combined tax rate of all  
17 local sales and use taxes imposed, including the rate to be imposed  
18 by the district if approved at the election, would not exceed two  
19 percent [~~that is not located in an authority governed by Chapter 451~~  
20 ~~or 452, Transportation Code~~]; and

21 (2) call for the election to be held within those  
22 boundaries.

23 (b-1) If the proposed district includes any territory of a  
24 municipality, the commissioners court shall send notice by  
25 certified mail to the governing body of the municipality of the  
26 commissioners court's intent to create the district. If the  
27 municipality has created a development corporation under Section 4A

1 or 4B, Development Corporation Act of 1979 (Article 5190.6,  
2 Vernon's Texas Civil Statutes), the commissioners court shall also  
3 send the notice to the board of directors of the corporation. The  
4 commissioners court must send the notice not later than the 60th day  
5 before the date the commissioners court orders the election. The  
6 governing body of the municipality may exclude the territory of the  
7 municipality from the proposed district by sending notice by  
8 certified mail to the commissioners court of the governing body's  
9 desire to exclude the municipal territory from the district. The  
10 governing body must send the notice not later than the 45th day  
11 after the date the governing body receives notice from the  
12 commissioners court under this subsection. The territory of a  
13 municipality that is excluded under this subsection may  
14 subsequently be included in the district in an election held under  
15 Subsection (f) with the consent of the municipality.

16 (f) The commissioners court may call an election to be held  
17 in an area of the county that is not located in a district created  
18 under this section to determine whether the area should be included  
19 in the district and whether the district's sales and use tax should  
20 be imposed in the area. An election may not be held in an area in  
21 which the combined tax rate of all local sales and use taxes  
22 imposed, including the rate to be imposed by the district if  
23 approved at the election, would exceed two percent [~~that is~~  
24 ~~included in an authority governed by Chapter 451 or 452,~~  
25 ~~Transportation Code~~].

26 (g) The area in which an election is held under Subsection  
27 (f) is included in the district and the sales and use tax is imposed

1 if a majority of the votes received at the election favor inclusion  
2 in the district and imposition of the sales and use tax.

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

9 SECTION 3. The change in law made by this Act by adding  
10 Section 387.003(b-1), Local Government Code, applies only to an  
11 election ordered on or after the effective date of this Act.

12 SECTION 4. This Act takes effect immediately if it receives  
13 a vote of two-thirds of all the members elected to each house, as  
14 provided by Section 39, Article III, Texas Constitution. If this  
15 Act does not receive the vote necessary for immediate effect, this  
16 Act takes effect September 1, 2007.

**ADOPTED**

MAY 17 2007

*Atay Law*  
Secretary of the Senate

By: Mc Reynolds

H.B. No. 1720

Substitute the following for H.B. No. 1720

By: [Signature]

C.S. H.B. No. 1720

A BILL TO BE ENTITLED

AN ACT

relating to the counties eligible to create a county assistance district that may impose a sales and use tax.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 387.002, Local Government Code, is repealed.

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

(a) The commissioners court of the county may call an election on the question of creating a county assistance district under this chapter to perform the following functions in the district:

(1) the construction, maintenance, or improvement of roads or highways;

(2) the provision of law enforcement and detention services;

(3) the maintenance or improvement of libraries, museums, parks, or other recreational facilities;

(4) the provision of services that benefit the public health or welfare, including the provision of firefighting and fire prevention services; or

(5) the promotion of economic development and tourism.

(b) The order calling the election must:

1           (1) define the boundaries of the district to include  
2 any portion of the county in which the combined tax rate of all  
3 local sales and use taxes imposed, including the rate to be imposed  
4 by the district if approved at the election, would not exceed two  
5 percent [~~that is not located in an authority governed by Chapter 451~~  
6 ~~or 452, Transportation Code~~]; and

7           (2) call for the election to be held within those  
8 boundaries.

9           (b-1) If the proposed district includes any territory of a  
10 municipality, the commissioners court shall send notice by  
11 certified mail to the governing body of the municipality of the  
12 commissioners court's intent to create the district. If the  
13 municipality has created a development corporation under Section 4A  
14 or 4B, Development Corporation Act of 1979 (Article 5190.6,  
15 Vernon's Texas Civil Statutes), the commissioners court shall also  
16 send the notice to the board of directors of the corporation. The  
17 commissioners court must send the notice not later than the 60th day  
18 before the date the commissioners court orders the election. The  
19 governing body of the municipality may exclude the territory of the  
20 municipality from the proposed district by sending notice by  
21 certified mail to the commissioners court of the governing body's  
22 desire to exclude the municipal territory from the district. The  
23 governing body must send the notice not later than the 45th day  
24 after the date the governing body receives notice from the  
25 commissioners court under this subsection. The territory of a  
26 municipality that is excluded under this subsection may  
27 subsequently be included in the district in an election held under

1 Subsection (f) with the consent of the municipality.

2 (f) The commissioners court may call an election to be held  
3 in an area of the county that is not located in a district created  
4 under this section to determine whether the area should be included  
5 in the district and whether the district's sales and use tax should  
6 be imposed in the area. An election may not be held in an area in  
7 which the combined tax rate of all local sales and use taxes  
8 imposed, including the rate to be imposed by the district if  
9 approved at the election, would exceed two percent [~~that is~~  
10 ~~included in an authority governed by Chapter 451 or 452,~~  
11 ~~Transportation Code~~].

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

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

22 SECTION 3. The change in law made by this Act by adding  
23 Section 387.003(b-1), Local Government Code, applies only to an  
24 election ordered on or after the effective date of this Act.

25 SECTION 4. This Act takes effect immediately if it receives  
26 a vote of two-thirds of all the members elected to each house, as  
27 provided by Section 39, Article III, Texas Constitution. If this

- 1 Act does not receive the vote necessary for immediate effect, this
- 2 Act takes effect September 1, 2007.



**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 10, 2007**

**TO:** Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1720** by McReynolds (Relating to the counties eligible to create a county assistance district that may impose a sales and use tax.), **Committee Report 2nd House, Substituted**

**No fiscal implication to the State is anticipated.**

The bill would repeal Section 387.002, Local Government Code, to remove the criteria for determining eligibility of a county to create a county assistance district that may impose a sales and use tax, thus authorizing all counties to create a district. In addition, the bill would add firefighting and fire prevention services to the functions a district would be authorized to perform. Various administrative requirements of the county commissioners court calling an election to establish a district would be added. An election regarding establishing a district would not be allowed in an area in which the combined tax rate of all local sales and use taxes imposed, including the rate to be imposed by a district, would exceed 2 percent.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:**

**LBB Staff:** JOB, CT, DB

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 17, 2007**

**TO:** Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE:** **HB1720** by McReynolds (Relating to the counties eligible to create a county assistance district that may impose a sales and use tax.), **As Engrossed**

**No fiscal implication to the State is anticipated.**

The bill would amend the Local Government Code to change the criteria for determining eligibility of a county to create a county assistance district that may impose a sales and use tax. Added to the functions a district would be authorized to perform would be firefighting and fire prevention services. Various administrative requirements of the county commissioners court calling an election to establish a district would be added. An election regarding establishing a district would not be allowed in an area in which the combined tax rate of all local sales and use taxes imposed, including the rate to be imposed by a district, would exceed 2 percent.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:**

**LBB Staff:** JOB, CT, DB

**LEGISLATIVE BUDGET BOARD**  
Austin, Texas

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 14, 2007**

**TO:** Honorable Fred Hill, Chair, House Committee on Local Government Ways & Means

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1720** by McReynolds (Relating to the counties eligible to create a county assistance district that may impose a sales and use tax.), **As Introduced**

**No fiscal implication to the State is anticipated.**

The bill would amend the Local Government Code to change the criteria for determining eligibility of a county to create a county assistance district that may impose a sales and use tax. Added to the functions a district would be authorized to perform would be firefighting and fire prevention services. Various administrative requirements of the county commissioners court calling an election to establish a district would be added. An election regarding establishing a district would not be allowed in an area in which the combined tax rate of all local sales and use taxes imposed, including the rate to be imposed by a district, would exceed 2 percent.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:**

**LBB Staff:** JOB, CT, DB