

## **BILL ANALYSIS**

C.S.H.B. 3477  
By: Bolton  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

C.S.H.B. 3477 establishes provisions under which the board of commissioners of an emergency services district can annually impose an additional property tax on real and personal property in the district for the exclusive purposes of the acquisition of land, equipment, or apparatus or the construction of capital improvements. A companion house joint resolution, H.J.R. 112, proposes a constitutional amendment to authorize the levy of the new tax.

### **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**

C.S.H.B. 3477 amends Health and Safety Code provisions requiring the board of commissioners of an emergency services district annually to impose a property tax on real and personal property to assign as that tax's purpose the basic operating and capital support of the district, and adds new provisions under which an additional tax can be imposed for other capital improvements.

C.S.H.B. 3477 authorizes the district's board, if certain requirements described below are met, to annually impose an additional property tax on all real and personal property in the district that is subject to district taxation for the exclusive purposes of the acquisition of land, equipment, or apparatus or the construction of capital improvements, as described in the capital improvements plan. The bill requires the additional property tax to be approved by the district voters voting in an election. The bill requires the district, at least 30 days before the date the board orders an election to authorize the additional tax, to file in the administrative office of the district a capital improvements plan that is open to public inspection and that describes the planned acquisition of land, equipment, or apparatus or the planned construction of the capital improvements and their estimated cost and incidental expenses. The bill establishes that the capital improvements plan is not part of a proposition to be voted on or a contract with the voters. The bill requires notice of such an election to contain a copy of each proposition that will be voted on at the election. The bill requires the notice to include an estimate of the probable cost of land, equipment, or apparatus or the construction of capital improvements contained in the filed capital improvements plan and any incidental expenses connected with the issuance of bonds, notes, or other indebtedness.

C.S.H.B. 3477 authorizes the board to use the tax for any related purpose or to pledge the revenue from the tax to pay the principal of and interest on any bonds or notes issued or other indebtedness, including loans and other financial arrangements for real property or emergency services equipment, for the allowed purposes, as the interest and principal come due and to provide reserve funds if prescribed in the resolution authorizing or the trust indenture securing the bonds, notes, or other indebtedness. The bill requires the revenue from the additional property tax to be maintained in an account separate from the maintenance and operations funds of the district.

C.S.H.B. 3477 requires the board, if it decides to increase the additional property tax to any rate above the rate approved by the voters, to order an election to authorize the tax rate increase. The bill requires the proposition on the ballot to state the proposed tax rate to be authorized at the election and requires the notice for the election to conform to specified notice provisions.

C.S.H.B. 3477 prohibits a tax authorized by an election to increase the rate of the additional tax from being imposed on or after the date that the purchase price of the capital assets as provided by the capital improvements plan is paid in full and the bonds, notes, or other indebtedness, including loans and other financial arrangements for real property or emergency services equipment, as authorized by the capital improvements plan, are paid in full.

### **EFFECTIVE DATE**

January 1, 2010, if the constitutional amendment authorizing an emergency services district to impose a property tax on property situated in the district not to exceed five cents for the acquisition of land, equipment, or apparatus or the construction of capital improvements is approved by the voters.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 3477, unlike the original, amends provisions of existing law relating to the imposition of a property tax on all real and personal property located in an emergency services district and subject to district taxation to specify that such tax is for the operating and capital support of the district.

C.S.H.B. 3477 differs from the original by referring to the separate tax for the acquisition of land, equipment, or apparatus or the construction of capital improvements as an additional tax, adding requirements relating to a capital improvements plan that must be met before an election for such an additional tax is held, and adding requirements relating to that election.

C.S.H.B. 3477 differs from the original, in provisions establishing the purpose of the tax to be the acquisition of land, equipment, or apparatus or the construction of capital improvements, by adding that such purpose is the exclusive purpose. The substitute differs from the original by adding provisions elaborating how the board may use the tax or pledge the revenue from the tax. The substitute adds a provision requiring the revenue from the additional property tax to be maintained in an account separate from the maintenance and operations funds of the district.

C.S.H.B. 3477 adds provisions requiring the board, if it decides to increase the additional property tax to any rate above the rate previously approved by the voters, to order an election to authorize the tax rate increase, and adds requirements relating to the ballot proposition. The substitute adds a provision prohibiting a tax authorized by such a tax increase election from being imposed on or after the date that certain items or obligations are paid in full.