A BILL TO BE ENTITLED

1   AN ACT

2 relating to county assistance districts.

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

4   SECTION 1. Section 387.003, Local Government Code, is

5 amended to read as follows:

6   Sec. 387.003. CREATION AND FUNCTIONS OF DISTRICT. (a) The

7 commissioners court of the county may call an election on the

8 question of creating a county assistance district under this

9 chapter. More than one county assistance district may be created in

10 a county.

11   (a-1) [to] A district may perform the following functions

12 [in the district]:

13   (1) the construction, maintenance, or improvement of

14 roads or highways;

15   (2) the provision of law enforcement and detention

16 services;

17   (3) the maintenance or improvement of libraries,

18 museums, parks, or other recreational facilities;

19   (4) the provision of services that benefit the public

20 health or welfare, including the provision of firefighting and fire

21 prevention services; or

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

23   (b) The order calling the election must:

24   (1) define the boundaries of the district to include

1 any portion of the county in which the combined tax rate of all
2 local sales and use taxes imposed, including the rate to be imposed
3 by the district if approved at the election, would not exceed the
4 limits on the combined rate of sales and use taxes of the county,
5 municipalities, and political subdivisions of this state under
6 Sections 321.101 and 323.101, Tax Code [two percent]; 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

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1 Subsection (f) with the consent of the municipality or in another

2 district after following the procedures of this subsection.

3 (c) The ballot at the election must be printed to permit

4 voting for or against the proposition: "Authorizing the creation

5 of the _____ County Assistance District No. _____ (insert name of

6 district) and the imposition of a sales and use tax at the rate of

7 _____ of one percent (insert one-eighth, one-fourth,

8 three-eighths, or one-half, as appropriate) for the purpose of

9 financing the operations of the district."

10 (d) The district is created if a majority of the votes

11 received at the election favor the creation of the district.

12 (e) If a majority of the votes received at the election are

13 against the creation of the district, then the district is not

14 created and the county may call other elections [another election]

15 on the questions [question] of creating [a] county assistance

16 districts [district may not be held in the county before the first

17 anniversary of the most recent election concerning the creation of

18 a district].

19 (f) The commissioners court may call an election to be held

20 in an area of the county that is not located in a district created

21 under this section to determine whether the area should be included

22 in the district and whether the district's sales and use tax should

23 be imposed in the area. An election may not be held in an area in

24 which the combined tax rate of all local sales and use taxes

25 imposed, including the rate to be imposed by the district if

26 approved at the election, would exceed the limits on the combined

27 rate of sales and use taxes of the county, municipalities, and

1 political subdivisions of this state under Sections 321.101 and

2 323.101, Tax Code [~~two percent~~].

3 (g) The area in which an election is held under Subsection

4 (f) is included in the district and the sales and use tax is imposed

5 if a majority of the votes received at the election favor inclusion

6 in the district and imposition of the sales and use tax.

7 (h) If more than one election to authorize a local sales and

8 use tax is held on the same day in the area of a proposed district or

9 an area proposed to be added to a district and if the resulting

10 approval by the voters would cause the imposition of a local sales

11 and use tax in any area to exceed the limits on the combined rate of

12 sales and use taxes of the county, municipalities, and political

13 subdivisions of this state under Sections 321.101 and 323.101, Tax

14 Code [~~two percent~~], only a tax authorized at an election under this

15 section may be imposed.

16 (i) In addition to the authority to include an area in a

17 district under subsection (f), the governing body of a district by

18 order may include an area in the district upon receipt of a petition

19 or petitions signed by a majority in value of the owners of land in

20 the area to be included. If there are no qualified voters residing

21 in the area to be included, then no election is required.

22 (j) The commissioners court may exclude an area from a

23 district by order if the district has no outstanding bonds payable

24 in whole or in part from sales and use taxes and the exclusion does

25 not impair any outstanding district debt or contractual obligation

26 while any district debt or contractual obligation remains

27 outstanding.

1 SECTION 2. Section 387.005, Local Government Code, is
2 amended to read as follows:
3 Sec. 387.005. GOVERNING BODY. (a) The commissioners court
4 of the county in which the district is created shall provide by
5 order that:
6 (1) the commissioners court is the governing body of
7 the district; or
8 (2) a governing body of the district shall be
9 appointed by the commissioners court.
10 (b) A member of the [commissioners court] governing body of
11 the district is not entitled to compensation for service [on the
12 governing body of the district] but is entitled to reimbursement
13 for actual and necessary expenses.
14 (c) A governing body appointed by the commissioners court
15 under this section shall consist of five directors who serve
16 staggered terms of four years. To be qualified to serve as a
17 director, a person shall be at least 18 years old and a resident
18 citizen of the county in which the district is located. The initial
19 directors shall draw lots to achieve staggered terms, with three of
20 the directors serving two year terms and two of the directors
21 serving four year terms.
22 SECTION 3. Section 387.006, Local Government Code, is
23 amended to read as follows:
24 Sec. 387.006. GENERAL POWERS OF DISTRICT. (a) A district
25 may:
26 (1) perform any act necessary to the full exercise of
27 the district's functions;

1   (2)   accept a grant or loan from:

2   (A)   the United States;

3   (B)   an agency or political subdivision of this

4   state; or

5   (C)   a public or private person;

6   (3)   acquire, sell, lease, convey, or otherwise dispose

7   of property or an interest in property under terms determined by the

8   district;

9   (4)   employ necessary personnel; [and]

10   (5)   adopt rules to govern the operation of the

11   district and its employees and property; and

12   (6)   enter into agreements with municipalities

13   necessary or convenient for the full exercise of the district's

14   functions, including agreements regarding the duration, rate and

15   allocation between the district and the municipality of sales and

16   use taxes.

17   (b)   A district may contract with a public or private person

18   to perform any act the district is authorized to perform under this

19   chapter.

20   (c)   A district may not levy an ad valorem tax.

21   SECTION 4. Section 387.007, Local Government Code, is

22   amended to read as follows:

23   Sec. 387.007. SALES AND USE TAX. (a) A district by order

24   may impose a sales and use tax under this chapter to finance the

25   operations of the district only if the tax is approved at an

26   election held under Section 387.003.

27   (b)   A district may not adopt a sales and use tax under this

1 chapter if the adoption of the tax would result in a combined tax

2 rate of all local sales and use taxes that would exceed the limits

3 under Sections 321.101 and 323.101, Tax Code [of more than two

4 percent] in any location in the district.

5   (c) A district may define areas within the district and

6 impose different rates of sales and use tax within each area,

7 provided that no sales and use tax rate exceeds the rate approved at

8 an election held under Section 387.003.

9   SECTION 5. Section 387.009, Local Government Code, is

10 amended to read as follows:

11   Sec. 387.009. TAX RATE. The rate of a tax adopted under

12 this chapter must be in increments of one-eighth, one-fourth,

13 three-eighths, or one-half of one percent.

14   SECTION 6. Section 387.010, Local Government Code, is

15 amended to read as follows:

16   Sec. 387.010. REPEAL OR RATE CHANGE. (a) A district that

17 has adopted a sales and use tax under this chapter may, by order and

18 subject to Section 387.007(b), [change] reduce the rate of the tax

19 or repeal the tax without an election, provided that the district

20 may not repeal the sales and use tax or reduce the rate of the sales

21 and use tax below the amount pledged to secure payment of any

22 outstanding district debt or contractual obligation while any

23 district debt or contractual obligation remains outstanding. A

24 district may, by order and subject to Section 387.007(b), increase

25 the rate of the sales and use tax, provided that the increased rate

26 does not exceed the rate approved at an election held under Section

27 387.003. If the increased rate of the sales and use tax exceeds the

1 rate approved at an election held under Section 387.003, then a

2 district may, by order and subject to Section 387.007(b), increase

3 the rate if the increase [change or repeal] is approved by a

4 majority of the votes received in the district at an election held

5 for that purpose.

6   (b) The tax may be changed under Subsection (a) in one or

7 more increments of one-eighth of one percent [to a maximum of

8 one-half of one percent].

9   (c) The ballot for an election to [change] increase the tax

10 shall be printed to permit voting for or against the proposition:

11 "The [change] increase of a sales and use tax for the _____ County

12 Assistance District No. _____ (insert name of district) from the

13 rate of _____ of one percent (insert in increments of one-eighth,

14 one-fourth, three-eighths, or one-half, as appropriate) to the rate

15 of _____ of one percent (insert in increments of one-eighth,

16 one-fourth, three-eighths, or one-half, as appropriate)."

17   (d) The ballot for the election to repeal the tax shall be

18 printed to permit voting for or against the proposition: "The

19 repeal of the sales and use tax for financing the _____ County

20 Assistance District (insert name of district)."

21   SECTION 7. Section 387.012, Local Government Code, is

22 amended to read as follows:

23   Sec. 387.012. EFFECTIVE DATE OF TAX. The adoption of the

24 tax, the [change] increase or reduction of the tax rate, or the

25 repeal of the tax takes effect on the first day of the first

26 calendar quarter occurring after the expiration of the first

27 complete quarter occurring after the date the comptroller receives

1 a [~~notice of the results of the election~~] <u>copy of the order of the</u>

2 <u>governing body</u> adopting, [~~changing~~] <u>increasing, reducing,</u> or

3 repealing the tax.

4   SECTION 8. This Act takes effect immediately if it receives

5 a vote of two-thirds of all the members elected to each house, as

6 provided by Section 39, Article III, Texas Constitution. If this

7 Act does not receive the vote necessary for immediate effect, this

8 Act takes effect September 1, 2009.