1-1  By:  Hegar                                                S.B. No. 520
1-2        (In the Senate - Filed February 3, 2011; February 17, 2011,
1-3  read first time and referred to Committee on Economic Development;
1-4  March 15, 2011, reported favorably, as amended, by the following
1-5  vote:  Yeas 7, Nays 0; March 15, 2011, sent to printer.)

1-6  COMMITTEE AMENDMENT NO. 1                                By:  Watson

1-7        Amend S.B. No. 520 (Introduced version), in Section 4 of the
1-8  bill, as follows:
1-9        (1)  In the heading (page 3, line 25), strike "and adding
1-10 Subsection (c)".
1-11       (2)  Strike added Subsection (c), Subsection 387.007, Local
1-12 Government Code (page 3, lines 32-38).

1-13                         A BILL TO BE ENTITLED
1-14                               AN ACT

1-15 relating to the creation, administration, powers, and duties of a
1-16 county assistance district.
1-17       BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-18       SECTION 1.  Section 387.003, Local Government Code, is
1-19 amended by amending Subsections (a), (b), (b-1), (c), (e), (f), and
1-20 (h) and adding Subsections (a-1), (i), and (j) to read as follows:
1-21       (a)  The commissioners court of the county may call an
1-22 election on the question of creating a county assistance district
1-23 under this chapter. More than one county assistance district may be
1-24 created in a county.
1-25       (a-1)  A district may [to] perform the following functions in
1-26 the district:
1-27             (1)  the construction, maintenance, or improvement of
1-28 roads or highways;
1-29             (2)  the provision of law enforcement and detention
1-30 services;
1-31             (3)  the maintenance or improvement of libraries,
1-32 museums, parks, or other recreational facilities;
1-33             (4)  the provision of services that benefit the public
1-34 health or welfare, including the provision of firefighting and fire
1-35 prevention services; or
1-36             (5)  the promotion of economic development and tourism.
1-37       (b)  The order calling the election must:
1-38             (1)  define the boundaries of the district to include
1-39 any portion of the county in which the combined tax rate of all
1-40 local sales and use taxes imposed, including the rate to be imposed
1-41 by the district if approved at the election, would not exceed the
1-42 maximum combined rate of sales and use taxes imposed by political
1-43 subdivisions of this state that is prescribed by Sections 321.101
1-44 and 323.101, Tax Code [two percent]; and
1-45             (2)  call for the election to be held within those
1-46 boundaries.
1-47       (b-1)  If the proposed district includes any territory of a
1-48 municipality, the commissioners court shall send notice by
1-49 certified mail to the governing body of the municipality of the
1-50 commissioners court's intent to create the district.  If the
1-51 municipality has created a development corporation under Chapter
1-52 504 or 505, the commissioners court shall also send the notice to
1-53 the board of directors of the corporation.  The commissioners court
1-54 must send the notice not later than the 60th day before the date the
1-55 commissioners court orders the election.  The governing body of the
1-56 municipality may exclude the territory of the municipality from the
1-57 proposed district by sending notice by certified mail to the
1-58 commissioners court of the governing body's desire to exclude the
1-59 municipal territory from the district.  The governing body must
1-60 send the notice not later than the 45th day after the date the
1-61 governing body receives notice from the commissioners court under
1-62 this subsection.  The territory of a municipality that is excluded

                                    1

2-1 under this subsection may subsequently be included in:
2-2      (1)  the district in an election held under Subsection
2-3 (f) with the consent of the municipality; or
2-4      (2)  another  district  after  complying  with  the
2-5 requirements of this subsection and after an election held under
2-6 Subsection (f).
2-7      (c)  The ballot at the election must be printed to permit
2-8 voting for or against the proposition: "Authorizing the creation
2-9 of the ____ County Assistance District No.___ (insert name of
2-10 district) and the imposition of a sales and use tax at the rate of
2-11 ____ [of one] percent (insert [one-eighth, one-fourth,
2-12 three-eighths, or one-half, as] appropriate rate) for the purpose
2-13 of financing the operations of the district."
2-14      (e)  If a majority of the votes received at the election are
2-15 against the creation of the district, the district is not created.
2-16 The failure to approve the creation of a district under this
2-17 subsection does not affect the authority of the county to call one
2-18 or more elections [another election] on the question of creating
2-19 one or more [a] county assistance districts [district may not be
2-20 held in the county before the first anniversary of the most recent
2-21 election concerning the creation of a district].
2-22      (f)  The commissioners court may call an election to be held
2-23 in an area of the county that is not located in a district created
2-24 under this section to determine whether the area should be included
2-25 in the district and whether the district's sales and use tax should
2-26 be imposed in the area.  An election may not be held in an area in
2-27 which the combined tax rate of all local sales and use taxes
2-28 imposed, including the rate to be imposed by the district if
2-29 approved at the election, would exceed the maximum combined rate of
2-30 sales and use taxes imposed by political subdivisions of this state
2-31 that is prescribed by Sections 321.101 and 323.101, Tax Code [two
2-32 percent].
2-33      (h)  If more than one election to authorize a local sales and
2-34 use tax is held on the same day in the area of a proposed district or
2-35 an area proposed to be added to a district and if the resulting
2-36 approval by the voters would cause the imposition of a local sales
2-37 and use tax in any area to exceed the maximum combined rate of sales
2-38 and use taxes of political subdivisions of this state that is
2-39 prescribed by Sections 321.101 and 323.101, Tax Code [two percent],
2-40 only a tax authorized at an election under this section may be
2-41 imposed.
2-42      (i)  In addition to the authority to include an area in a
2-43 district under Subsection (f), the governing body of a district by
2-44 order may include an area in the district on receipt of a petition
2-45 or petitions signed by the owner or owners of the majority of the
2-46 land in the area to be included in the district.  If there are no
2-47 registered voters in the area to be included in the district, no
2-48 election is required.
2-49      (j)  The commissioners court by order may exclude an area
2-50 from the district if the district has no outstanding bonds payable
2-51 wholly or partly from sales and use taxes and the exclusion does not
2-52 impair any outstanding district debt or contractual obligation.
2-53      SECTION 2.  Section 387.005, Local Government Code, is
2-54 amended to read as follows:
2-55      Sec. 387.005.  GOVERNING BODY. (a)  The commissioners court
2-56 of the county in which the district is created by order shall
2-57 provide that:
2-58      (1)  the commissioners court is the governing body of
2-59 the district; or
2-60      (2)  the commissioners court shall appoint a governing
2-61 body of the district.
2-62      (b)  A member of the governing body of the district
2-63 [commissioners court] is not entitled to compensation for service
2-64 [on the governing body of the district] but is entitled to
2-65 reimbursement for actual and necessary expenses.
2-66      (c)  A board of directors appointed by the commissioners
2-67 court under this section shall consist of five directors who serve
2-68 staggered terms of two years.  To be eligible to serve as a
2-69 director, a person must be a resident of the county in which the

3-1 district is located.  The initial directors shall draw lots to
3-2 achieve staggered terms, with three of the directors serving
3-3 one-year terms and two of the directors serving two-year terms.
3-4      SECTION 3.  Subsection (a), Section 387.006, Local
3-5 Government Code, is amended to read as follows:
3-6      (a)  A district may:
3-7           (1)  perform any act necessary to the full exercise of
3-8 the district's functions;
3-9           (2)  accept a grant or loan from:
3-10               (A)  the United States;
3-11               (B)  an agency or political subdivision of this
3-12 state; or
3-13               (C)  a public or private person;
3-14           (3)  acquire, sell, lease, convey, or otherwise dispose
3-15 of property or an interest in property under terms determined by the
3-16 district;
3-17           (4)  employ necessary personnel; [and]
3-18           (5)  adopt rules to govern the operation of the
3-19 district and its employees and property; and
3-20           (6)  enter into agreements with municipalities
3-21 necessary or convenient to achieve the district's purposes,
3-22 including agreements regarding the duration, rate, and allocation
3-23 between the district and the municipality of sales and use taxes.
3-24      SECTION 4.  Section 387.007, Local Government Code, is
3-25 amended by amending Subsection (b) and adding Subsection (c) to
3-26 read as follows:
3-27      (b)  A district may not adopt a sales and use tax under this
3-28 chapter if the adoption of the tax would result in a combined tax
3-29 rate of all local sales and use taxes that would exceed the maximum
3-30 combined rate prescribed by Sections 321.101 and 323.101, Tax Code,
3-31 [of more than two percent] in any location in the district.
3-32      (c)  A district may define areas in the district to pay for
3-33 improvements, facilities, or services that primarily benefit that
3-34 area and do not generally and directly benefit the district as a
3-35 whole.  The district may impose different rates of sales and use tax
3-36 in each defined area.  The sales and use tax rate in each area may
3-37 not exceed the rate approved at an election held under Section
3-38 387.003.
3-39      SECTION 5.  Section 387.009, Local Government Code, is
3-40 amended to read as follows:
3-41      Sec. 387.009.  TAX RATE.  The rate of a tax adopted under
3-42 this chapter must be in increments of one-eighth[, one-fourth,
3-43 three-eighths, or one-half] of one percent.
3-44      SECTION 6.  Subsections (a), (b), and (c), Section 387.010,
3-45 Local Government Code, are amended to read as follows:
3-46      (a)  A district that has adopted a sales and use tax under
3-47 this chapter may, by order and subject to Section 387.007(b):
3-48           (1)  reduce[, change] the rate of the tax or repeal the
3-49 tax without an election, except that the district may not repeal the
3-50 sales and use tax or reduce the rate of the sales and use tax below
3-51 the amount pledged to secure payment of an outstanding district
3-52 debt or contractual obligation;
3-53           (2)  increase the rate of the sales and use tax, if the
3-54 increased rate of the sales and use tax will not exceed the rate
3-55 approved at an election held under Section 387.003; or
3-56           (3)  increase the rate of the sales and use tax to a
3-57 rate that exceeds the rate approved at an election held under
3-58 Section 387.003 after [if] the increase [change or repeal] is
3-59 approved by a majority of the votes received in the district at an
3-60 election held for that purpose.
3-61      (b)  The tax may be changed under Subsection (a) in one or
3-62 more increments of one-eighth of one percent [to a maximum of
3-63 one-half of one percent].
3-64      (c)  The ballot for an election to increase [change] the tax
3-65 shall be printed to permit voting for or against the proposition:
3-66 "The increase [change] of a sales and use tax for the ____ County
3-67 Assistance District No. ___ (insert name of district) from the rate
3-68 of ____ [of one] percent (insert [one-fourth, three-eighths, or
3-69 one-half, as] appropriate rate) to the rate of ____ [of one] percent

4-1 (insert [~~one-fourth, three-eighths, or one-half, as~~] appropriate
4-2 <u>rate</u>)."
4-3     SECTION 7. Section 387.012, Local Government Code, is
4-4 amended to read as follows:
4-5     Sec. 387.012. EFFECTIVE DATE OF TAX. The adoption of the
4-6 tax, the <u>increase or reduction</u> [~~change~~] of the tax rate, or the
4-7 repeal of the tax takes effect on the first day of the first
4-8 calendar quarter occurring after the expiration of the first
4-9 complete quarter occurring after the date the comptroller receives
4-10 a <u>copy of the order of the district's governing body</u> [~~notice of the~~
4-11 ~~results of the election~~] adopting, <u>increasing, reducing</u>
4-12 [~~changing~~], or repealing the tax.
4-13     SECTION 8. Subsection (d), Section 387.010, Local
4-14 Government Code, is repealed.
4-15     SECTION 9. This Act takes effect immediately if it receives
4-16 a vote of two-thirds of all the members elected to each house, as
4-17 provided by Section 39, Article III, Texas Constitution. If this
4-18 Act does not receive the vote necessary for immediate effect, this
4-19 Act takes effect September 1, 2011.

4-20                         * * * * *