

SUBJECT: Creating municipal crime control and prevention districts

COMMITTEE: State Affairs — committee substitute recommended

VOTE: 15 ayes — Seidlits, S. Turner, Alvarado, Black, Bosse, Carter, Craddick, Danburg, Hilbert, Hochberg, B. Hunter, D. Jones, McCall, Ramsay, Wolens
0 nays

WITNESSES: For — Russell Smith, San Angelo Police Department; Joe Paniagua, Fort Worth City Council
Against — None

BACKGROUND: The County Crime Control and Prevention District Act of 1989 (VACS art. 2370c-4) authorized Tarrant County to create a "crime control district." The Legislature later amended the act to apply to all counties with a population of 130,000 or more and allowed cities in counties of over 1 million to establish crime control districts. Fort Worth voted on March 4, 1995, to establish a crime control district, becoming the only authorized city or county to do so.

The act allows voters to approve a sales and use tax of up to one-half percent to fund crime control and prevention in the district.

DIGEST: CSHB 3054 would allow the governing bodies of municipalities to establish municipal crime control and prevention districts, subject to a confirmation election, under VACS art. 2370c-4.

Creation of districts. The governing body could serve ex officio as the temporary board, or could appoint a number of temporary directors residing in the district equal to the number of persons serving on the governing body. Appointments would be made within 60 days after the creation of the district. The temporary board, if appointed, would elect a presiding officer from its membership.

The creation of the district and levy of the sales and use tax, which could only be one-eighth of 1 percent, one-fourth of 1 percent, three-eighths of 1 percent, or one-half of 1 percent, would have to be approved by a majority of the qualified voters in the district. A district could not adopt a sales and use tax that would result in a combined local sales and use tax rate of more than 2 percent. San Angelo could not adopt a sales and use tax above one-fourth of 1 percent.

A confirmation election would need to be held between 35 and 60 days after the date the election was ordered. Between the second day and the 13th day after the election, the temporary board would meet to canvass the returns. If the election results were not favorable, the temporary board could not order another election for at least one year after the original election. If the creation of the district were not approved by the fifth anniversary of its creation, it would dissolve.

Crime control plan and budget plan. The temporary board would coordinate with local law enforcement to develop and approve a two-year crime control and budget plan. The crime control plan would include:

- a detailed list of crime control supported strategies, and
- a method for evaluating the effectiveness of the strategies annually.

The budget plan would include:

- the amount of money budgeted for each strategy,
- the amount of money budgeted for administration and its percentage of the total budget,
- the estimated amount of money available to the district from all sources,
- the amount of balances expected at the end of each year budgeted, and
- the estimated tax rate requirement.

If creation of the district were confirmed, the district would reimburse the municipality for actual expenses incurred in the creation and confirmation of the district. The district could accept donations, gifts, and endowments.

District administration. The governing body of the municipality could serve ex officio as the board of directors. Otherwise, the district would be governed by a board of directors appointed in the same manner as the temporary directors. Appointed directors would serve staggered two-year terms. The governing body could remove a director who did not maintain residency, could not discharge duties due to illness or incapacity, or missed more than three consecutive meetings.

Each director would have to put up a bond of \$5,000, which could be put up with district funds. The board would elect from among its members a president, vice president and secretary. The municipal secretary and treasurer would serve as secretary and treasurer for the district. Each officer would serve a one-year term.

Directors and officers would serve without compensation, but would be reimbursed for actual expenses. Approval of business of the district would require a majority vote of the board. A two-thirds majority would be required to reject any application submitted by the governing body for funding available under this act. The board could contract with a public agency or private vendor to assist in the administration of the district.

District responsibilities. A district could finance all the costs of a crime control program, including the costs for personnel, administration, expansion, enhancement, and capital expenditures. The program could include:

- police and law enforcement related programs including a multi-jurisdictional crime analysis center, crime stoppers telephone lines, an enhanced radio dispatch center, an automated fingerprint analysis center;
- community-related crime prevention strategies, including block watch programs, school-police programs, senior citizen anti-crime networks, ride along programs;

- specific treatment and prevention programs including positive peer group interaction programs, family violence centers, work incentive programs, social development centers, gang intervention centers, steered straight programs, and
- court and prosecution services including court watch programs, automated legal research systems, a criminal court administrator, additional prosecutors, staff and jails.

The district would coordinate its efforts with the local community justice council and would fund an annual evaluation program to study the efficiency and effectiveness of new crime control and crime prevention programs. The board could seek the assistance of the Office of State-Federal Relations in identifying and applying for federal grants for criminal justice programs. The district could apply for criminal and juvenile justice program grants from the criminal justice division in the governor's office.

Liability. A director would not be liable for civil damages or criminal prosecution for any act performed in good faith in the execution of duties as a director.

Methods and procedures. A board could set forth the method for making purchases by and for the district, but could only enter a \$15,000 or more purchasing contract after a competitive bidding process. The municipal purchasing agent would serve as purchasing agent to the district. The board could acquire or lease property, facilities, or equipment for the sole purpose of administering the district.

Reimbursement for services. A county or municipality outside the district could use the services provided through a crime control district, but would need to reimburse the district for using the services.

Service contracts. With the approval of the governing body, the board could contract with a political subdivision of the state, a state or federal agency, or individuals or private entities to furnish staff, facilities, equipment and programs.

Grants and donations. The board could accept donations, grants, and endowments to be held in trust for any purpose consistent with the act.

District finances. The board would establish the district's fiscal year. The board would provide for an annual audit by an independent auditor. The audit and other district records would be open for inspection. The board would propose an annual budget.

The board would need to hold a public hearing on the budget at least 100 days before the beginning of each fiscal year. Any resident of the district would be entitled to participate at the hearing. The board would need to adopt a budget at least 80 days before the beginning of each fiscal year. The board would need to submit the budget to the governing body within 10 days after the budget was adopted.

The governing body would need to hold a hearing on the proposed annual budget at least 45 days before the beginning of each fiscal year. The governing body would need to approve or reject the budget submitted by the board at least 30 days before the beginning of the fiscal year, and if rejected, would need to amend and approve before the fiscal year begins. Money could be spent only for an expense included in an annual budget or budget amendment.

A district could not incur a debt payable from revenues of the district other than the revenues on hand. The board could not invest district funds in funds or securities other than those specified in VACS arts. 836 or 837 or Chapter 2256 of the Government Code. A board would need to deposit district funds in a special account in the treasury of the municipality.

A chief administrative officer of the municipality could apply to the board for funding of a crime control activity with the consent of the governing body of the municipality.

A board could not issue or sell general obligation bonds, revenue bonds or refunding bonds.

District continuation. The board could hold a referendum upon petition, request of governing body, or on its own motion on the question of whether to continue the district after the fifth anniversary of the district's creation. Specific criteria would be required for an application for a petition and for the petition itself. The municipal secretary would keep the application and a copy of the petition in the secretary's office.

If the petition contained the required number of signatures and were in proper order, the board would need to order a referendum at its next regular session. The election would be held on the next uniform election date. The district would dissolve if so elected. If the election results mandated continuation, another referendum on the subject could not be held for at least five years.

District dissolution. The board could also hold a referendum on whether to dissolve the district in the same manner as the continuation referendum outlined above.

Sunset provision. Unless the district were continued through the continuation referendum provision, the district would dissolve on the fifth anniversary the district began collecting taxes for this purpose or the fifth anniversary of the most recent continuation or dissolution referendum, whichever were later. On dissolving, the district would transfer to the municipality title to land and buildings, operating funds, taxes levied by the district, funds established for payment of indebtedness and any employee retirement funds.

The municipality would assume outstanding short-term and long-term liabilities. The governing body could vote to continue to collect the district tax for not only the remainder of the calendar year, but an additional year as well, to retire outstanding district liabilities. On the date the district is dissolved, the district funded programs, including additional courts, would immediately terminate.

State liability. The state would not be liable for the support, maintenance, or dissolution of a crime control district.

Tax Code amendments. The tax imposed under this section would take effect within a prescribed time after the comptroller received a notice. A tax authorized before the effective date of this act could not take effect until October 1, 1995. The bill would provide that, subject to an election, a municipality with a crime control and prevention district would adopt a sales and use tax for the benefit of the district. The revenue could only be used for the operation of the crime control district. For purposes of sec. 321.101(e) of the Tax Code, this would not be an additional sales and use tax.

An increase or decrease of the use tax in one-eighth of 1 percent increments, not to exceed one-half percent, could be approved by a majority of the qualified voters of a municipality. The comptroller would remit to the municipality the amounts collected at the rates imposed, and the municipality would deposit the money in a special account. An item, transaction, or service that is not taxable in a municipality under other sales and use taxes would not be taxable in this section.

County crime control and prevention districts. The county tax provisions would be amended to differentiate those provisions from the municipal tax provisions. In addition, other provisions of the statutes would be amended to specify "county" as opposed to "municipal" where appropriate.

The bill would take effect September 1, 1995.

SUPPORTERS
SAY:

CSHB 3054 would simply extend the opportunity for creation of crime control districts to all cities and counties no matter what their population. The general provisions for creating the crime control districts would be substantially the same, but the bill would break up the law so that there would be two different kinds of districts under the law, municipal and county. In addition, the city version would clarify guidelines for removal of directors by the governing body of a city and would clarify the time that a tax rate could be imposed.

Small municipalities have terrible crime problems, but just as with large cities have a difficult time funding effective solutions to these problems. The revenue currently available to cities for law enforcement from city

utility fees, the 1 percent sales tax, license fees, fines and ad valorem revenue is not sufficient to effectively combat rising crime rates.

Crime control districts would provide badly needed revenue to cities strapped for additional crime-fighting resources. Cities could use revenue for jail space, prosecutors, an enhanced radio dispatch center, or early prevention programs for schools. This would give smaller cities a powerful new weapon in their fight against crime and burgeoning gang-related violence. In addition, the best way to improve the economic conditions of depressed neighborhoods would be to clean them up and make them safe.

CSHB 3054 would not mandate the tax or the creation of crime control districts; the bill is strictly permissive. This would be just one avenue a city might take to thwart crime.

**OPPONENTS
SAY:**

Raising the sales tax in areas ridden with crime would put a further burden on the downtrodden residents. Although the bill would not allow a combined city sales tax of over 2 percent, when city taxes are added to the 6.25 percent state sales tax, the resulting rate could cause merchants in these already depressed areas to relocate to the suburbs, beyond the boundaries of the crime control district.

**OTHER
OPPONENTS
SAY:**

Because so many cities are already at or near the 2 percent sales and use tax limit, most of the cities with real crime problems would not even be able to take advantage of the crime control districts.

NOTES:

The original version would have limited the bill's applicability to cities with populations over 75,000. The original allowed each member of the governing body to appoint one person to the temporary board. The original did not require that a temporary board member be a resident of the district and also had a different mechanism for appointing board members. The original had different percentage tax limits that could be imposed.