

SUBJECT: Allowing creation of emergency services districts in certain cities

COMMITTEE: Urban Affairs — committee substitute recommended

VOTE: 9 ayes — Carter, Bailey, Burnam, Callegari, Edwards, Ehrhardt, Hill, E.
Jones, Najera

0 nays

WITNESSES: For — Juan Adame and Jimmy Bray, City of Corpus Christi; Carlos Torres, Corpus Christi Fire Fighters Association; Gary Warren; *Registered but did not testify*: Ken Bailey, Texas State Association of Fire Fighters; Jim Campbell, City of San Antonio; Shanna Igo, Texas Municipal League; Howard Katz, Galveston County ESD and Association of Fire Districts and Emergency Service Districts; T.T. Moreno, San Antonio Professional Fire Fighters Association; Johnny Villarreal, Houston Professional Fire Fighters; Cary Grace, City Houston

Against — None

On — John Carlton, Texas Association of Fire and Emergency Districts

DIGEST: CSHB 1096 would authorize cities with populations between 25,000 and 550,000 to create fire control, prevention, and emergency medical services districts financed by a local sales and use tax. The bill would define terms relating to these districts and would provide that the state would not be liable for support, maintenance, or dissolution of such a district.

The bill would authorize a proposed district to be located within a rural fire prevention or emergency services district with the written consent of those districts, and it would set forth provisions for establishing the district.

CSHB 1096 would require that the district and sales tax be approved by a majority of the voters in the city. The bill would establish guidelines for posting and contents of the notice for the election, the ballot, and the election results.

CSHB 1096 would require a city that created a district to adopt a sales and use tax of less than 1 percent to finance itself. This tax could be levied in addition to any other sales and use tax authorized by law, and 1/8 of 1 percent or less would not be included in the two-percent combined sales and use taxes when determining the maximum tax allowed by local jurisdictions. The tax could be increased by no more than one-half of 1 percent pursuant to approval by a majority of voters in the municipality.

The city's governing body would have to appoint a board of seven local people to direct the district. The bill would set forth provisions for board operations and planning. If a district had not been approved within five years, the board would be dissolved. The board would be subject to administrative procedure requirements under Government Code, chapter 2001.

The board would have to develop and adopt services and budget plans. The bill would establish guidelines for the plans. A city that decided to create a district would be solely responsible for financing the creation of the district, and the district would have to reimburse those expenses.

The district could finance all costs of the program, including personnel, expansion, and capital expenditures. The program could include funds for equipment, training, personnel, public training, public preventive health programs, specialized computer systems, and any items needed to improve emergency response and increase service efficiency.

The board would have to prepare an annual budget proposal, which could be approved after a public hearing. The district would have to coordinate with local agencies and conduct annual evaluations of efficiency and effectiveness. It could apply for and receive grants and accept donations, gifts, or endowments for service programs.

The board would have to be audited annually. It could contract for staff, facilities, equipment, programs, and services with a political subdivision of the state, a state or federal agency, or an individual.

The district could spend money only for expenses in its budget. Money would have to be deposited in the special account in the municipal treasury. The board could not issue bonds.

The board could hold a referendum election five years after the creation of the district or three years after the previous referendum election to decide whether or not to continue the district. The referendum election could be called as a result of a petition from voters or by the board. The bill would establish guidelines for the referendum election and ballot, for a petition to call a referendum election, and for certifying the results of the election.

If a referendum was not held five years after taxes were imposed for the district, the district automatically would be dissolved. If a district was dissolved, it would have to transfer to the municipality all titles, equipment, money, and reserves. The city would assume all outstanding liabilities and could levy the tax for the remainder of the calendar year to pay off the liabilities. The district and board could continue to operate for the purpose of transferring capital and funds for up to two months after the dissolution.

This bill would take effect June 1, 2001.

**SUPPORTERS
SAY:**

Fire and emergency medical services in areas like Corpus Christi and Galveston, which are small cities with heavy tourist traffic, must compete with other city services for city budget funds. Emergency services in these areas often are burdened by the influx of visitors and have difficulty procuring sorely needed funds, equipment, and training. By adding a sales and use tax, these municipalities could capitalize on tourism by offsetting the additional pressure on the city budget to fund these essential emergency services. Sales taxes are used for similar purposes throughout the state, such as for crime prevention. If the sales tax were approved by voters, both the residents of the city and tourists who visited the area would benefit.

**OPPONENTS
SAY:**

The tax authorized by CSHB 1096 would set a bad precedent by exceeding the two-percent cap on local sales taxes. No other local jurisdiction now can exceed this cap, which ensures that the tax burden across the state is fairly uniform.

NOTES:

The substitute makes several changes to the original, including:

- ! adding a population cap of 550,000;
- ! authorizing the creation of districts within boundaries of rural fire prevention districts; and

- ! providing that 1/8 of 1 percent or less of the sales and use tax adopted under the bill would be excluded from the computation of the local sales-tax cap.