

- SUBJECT:** Consolidation of emergency services district authority
- COMMITTEE:** County Affairs — committee substitute recommended
- VOTE:** 6 ayes — Coleman, Berman, Castro, J. Davis, Sheffield, W. Smith
0 nays
3 absent — Morrison, Bolton, Marquez
- WITNESSES:** For — (*On original version:*) Keith Lewis, State Association of Fire and Emergency Districts; (*Registered, but did not testify:*) Cliff Avery, State Association of Fire and Emergency Districts; Randy Braden; Donna Eccleston, Joy Streater, Comal County; Billy Eggemeyer; John Grasshoff, Ron Moellenberg, Terry Struble, Travis County ESD No. 2; Howard Katz, Harris County ESD No. 9; Jan Kennady, Comal County; Donna Lewis; Robert Shelton, Williamson County ESD No. 7, Florence Fire Department; Robert Taylor; Jennifer Tharp, Comal County Commissioners Court) (*On committee substitute:*) (*Registered, but did not testify:* Ken Campbell, State Association of Emergency Districts; John Carlton, State Association of Fire and Emergency Districts, Travis County ESD No. 2)

Against — None

On — (*Registered, but did not testify:* Brian Gordon, Muniservices, LLC; Dale Terry)
- BACKGROUND:** Health and Safety Code, sec. 775.003 authorizes the creation of emergency services districts (ESDs), which provide emergency medical and ambulance services, emergency rural fire prevention and control services, or other emergency services authorized by the Legislature. Ch. 776 authorizes the organization of ESDs in counties with populations under 125,000. Texas Constitution, Art. 3, sec. 48-e permits the commissioners courts of the participating counties, with the approval of the county voters, to levy a real estate or property tax to support the districts. Tax Code, ch. 323 authorizes counties to impose sales and use taxes, and sec. 323.302 requires the state comptroller to make quarterly reports to counties that impose those taxes.

DIGEST:

HB 2788 would repeal Health and Safety Code, ch. 776 and continue the emergency services districts (ESDs) created under that chapter as subject to ch. 775.

The bill would allow ESDs located entirely in one county with a population of 125,000 or less to divide and create a smaller ESD. To divide the district, whichever was less of at least 7 percent or 100 of the district's qualified voters would have to sign a petition to be submitted the ESD board, which then would be required hold a public hearing on the issue. The board would have to issue a notice of the hearing including the name, description of boundaries, hearing time and location, and publish notice of the hearing in a newspaper.

If the board found that the petition contained the required number of valid signatures, it would have to approve the petition within 10 days after the hearing, though a district resident or property owner would be able to appeal the board's decision in district court on the basis that the board incorrectly counted the number of valid signatures on the petition. The ESD board would have to hold an election on the question of division. If the division was approved by the voters and the resulting ESD would be located entirely in one county, the county commissioners court would have to appoint a board within 14 days of the existing ESD board's order to divide the district. The newly-created ESD would still hold all bond and debt obligations it held before division.

The comptroller would be required to provide a county or ESD that imposed a sales or use tax information relating to the amount of tax paid to the county or ESD by each person doing business within it that remits to the comptroller more than \$10,000 in state and local sales tax payments, as well as any person doing business in the area that is part of an interlocal or tax abatement agreement, a reinvestment or enterprise zone, a tax increment financing district, a revenue sharing agreement, or any other similar agreement, zone, or district. The comptroller's report would provide aggregate information and not disclose any individual tax information, and any tax information provided would be confidential. If three or fewer persons doing business in the area met the above criteria, the comptroller would not be required to provide data.

The bill would make conforming changes to the Local Government and Tax Codes.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2009.

**SUPPORTERS
SAY:**

Emergency services districts (ESDs) currently covered under Health and Safety Code, ch. 775 have seen their authority expanded by the Legislature over the years, but those covered under ch. 776 have not. HB 2788 would allow ESDs in counties with populations below 125,000 to serve their communities better by granting them the authority to adopt and enforce fire codes, create an Office of Fire Marshal in counties where one does not already exist, borrow money to construct emergency services facilities, provide hazardous materials services and impose service fees, and increase the monetary limit from \$25,000 to \$50,000 on items they may purchase without bidding, such as vehicle fuel and firefighter bunker gear. These ESDs also would be able to increase revenue by imposing a sales tax in 1/8 percent increments and collect sales tax in portions of the district not already at the local 2 percent sales tax cap.

Requiring the comptroller to provide ESDs with sales and use tax data would allow them to forecast their revenues better and audit the payment of sales tax within the districts, which counties already do. Allowing citizens in counties with populations under 125,000 to petition their ESD for division could provide more local control over resource allocation and a greater ability to meet the needs of smaller communities. Fewer than 20 existing emergency services districts are currently subject to ch. 776, so this bill would not lead to a dramatic increase in ESD authority.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

The substitute differs from the bill as filed by permitting the division of an emergency services district contained within a county with a population of 125,000 or less and by requiring the comptroller to provide emergency services districts with sales and use tax information.

The companion bill, SB 1621 by Wentworth, was considered in a public hearing by the Senate Intergovernmental Relations Committee on April 1 and left pending.