

SUBJECT: Changing compensation to emergency services districts upon annexation

COMMITTEE: Land and Resource Management — favorable, without amendment

VOTE: 7 ayes — Craddick, Muñoz, Bell, Biedermann, Leman, Minjarez, Thierry

0 nays

2 absent — Canales, Stickland

SENATE VOTE: On final passage, April 26 — 30-0, on Local and Uncontested Calendar

WITNESSES: *On House companion bill, HB 2267:*

For — Ken Bailey, Travis County ESD 11; John Carlton; Texas State Association of Fire and Emergency Districts; (*Registered, but did not testify*: Alexis Tatum, Travis County Commissioners Court; Vanessa MacDougal)

Against — (*Registered, but did not testify*: TJ Patterson, City of Fort Worth)

BACKGROUND: Health and Safety Code sec. 775.022 governs the removal of territory from an emergency services district by a municipality that has annexed the district's territory. It requires the municipality to compensate the district in an amount equal to the district's total indebtedness at the time of annexation multiplied by a fraction in which:

- the numerator is the assessed value of the property to be annexed; and
- the denominator is the total assessed value of the property of the district.

The assessed property value in both cases is based on the most recent certified county tax rolls.

Interested parties have expressed concerns that the current formula does

not fully reflect the revenue lost by the district.

DIGEST:

SB 1083 would establish an additional formula for calculating the amount that a municipality would have to pay to an emergency services district when the municipality annexed territory that had been included in the district. The municipality would be required to compensate the district by an amount equal to the larger of the two results yielded by the calculation of each formula.

The formula established by the bill would multiply the district's total indebtedness at the time of annexation by a fraction in which:

- the numerator was the assessed value of the property to be annexed plus the total amount of the district's sales and use tax revenue collected by retailers located in the property to be annexed; and
- the denominator was the total assessed value of the property of the district plus the total amount of the district's sales and use tax revenue collected by retailers located in the district.

The assessed property value in both cases would be based on the most recent certified county tax rolls. The tax revenue would be the data reported by the comptroller relating to the 12 months preceding the date of annexation.

The bill would take effect September 1, 2019.