

## **BILL ANALYSIS**

Senate Research Center

H.B. 3477  
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Finance  
5/15/2009  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, an emergency services district (ESD) provides numerous services beyond basic fire protection. ESDs are the first responders to fires, traffic accidents, and medical emergencies, and they also provide special expertise and support, including wildland firefighting, water rescues, disaster and homeland security services, building inspection and approval, and fire safety education.

Rapid population growth and new business activity is straining the current system and could result in greater loss of life and fire damage. Increased numbers of people and buildings in suburban and emerging suburban areas place even greater demands on resources, particularly for districts with wildland acreage that is prone to brush fires and similar events requiring fire protection services. Costs to provide even basic fire protection and emergency response services have escalated beyond what current funding can support. In short, with current funding ESDs will find it difficult to provide even basic fire protection services for rapidly growing districts.

Current law allows the board of an ESD to annually impose an ad valorem tax on real and personal property located in the district to support the ESD and for other purposes authorized by the chapter.

H.B. 3477 amends current law relating to authorizing an emergency services district to impose an ad valorem tax for the acquisition of land, equipment, or apparatus or the construction of capital improvements.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 775.018(a), Health and Safety Code, to require the commissioners court, on the granting of a petition, to order an election to confirm the emergency services district's (ESD) creation and authorize the imposition of the taxes provided and not to exceed the rates, rather than a tax not to exceed the rate, allowed by Section 48-e (Emergency Services Districts), Article III (Legislative Department), Texas Constitution.

SECTION 2. Amends the heading to Section 775.074, Health and Safety Code, to read as follows:

Sec. 775.074. AD VALOREM TAXES.

SECTION 3. Amends Section 775.074, Health and Safety Code, by amending Subsection (a) and adding Subsections (a-1), (a-2), and (a-3), as follows:

(a) Requires the board of emergency services commissioners (board) to annually impose an ad valorem tax on all real and personal property located in the district and subject to district taxation for the operating and capital support of the district. Deletes existing text requiring the board to annually impose an ad valorem tax on all real and personal property located in the district and subject to district taxation for the district's support and the purposes authorized by this chapter.

(a-1) Requires the board, after its establishment following an election held under Section 775.018 (Election) and subject to Section 775.0745(a-1), in addition to the ad valorem tax authorized under Subsection (a), to annually impose an additional ad valorem tax on all real and personal property in the ESD that is subject to district taxation for the exclusive purposes of the acquisition of land, equipment, or apparatus or the construction of capital improvements, as described in the capital improvements plan filed under Subsection (a-2). Authorizes the board to use the tax for any related purpose or pledge the revenue from the tax to pay the principal of and interest on any bonds or notes issued or other indebtedness, including loans and other financial arrangements described by Section 775.085 (Loan for Real Property or Emergency Services Equipment), to acquire land, equipment, or apparatus or to construct capital improvements under this section, as the interest and principal come due and to provide reserve funds if prescribed in the resolution authorizing or the trust indenture securing the bonds, notes, or other indebtedness. Requires that the revenue from the tax authorized under this subsection be maintained in an account separate from the maintenance and operations funds of the ESD. Prohibits a tax authorized by an election held under Section 775.0745(a-1) from being imposed on or after the date that the purchase price of the capital assets as provided by the capital improvements plan is paid in full and the bonds, notes, or other indebtedness, including loans and other financial arrangements described by Section 775.085, as authorized by the capital improvements plan, are paid in full.

(a-2) Authorizes the ESD to impose the tax under Subsection (a-1) only if imposition of the tax is approved by the district voters voting in an election held under Section 775.0745. Requires the ESD, at least 30 days before the date the board orders an election to authorize the additional tax described by Subsection (a-1), to file in the administrative office of the ESD a capital improvements plan that is open to public inspection and that describes the planned acquisition of land, equipment, or apparatus or the planned construction of the capital improvements and their estimated cost and incidental expenses. Provides that the capital improvements plan is not part of a proposition to be voted on or a contract with the voters.

(a-3) Requires that notice of an election to authorize the additional tax described by Subsection (a-1), in addition to any other information required by law, contain a copy of each proposition that will be voted on at the election. Requires that the notice include an estimate of the probable cost of land, equipment, or apparatus or the construction of capital improvements contained in the capital improvements plan filed under Subsection (a-2) and any incidental expenses connected with the issuance of bonds, notes, or other indebtedness.

SECTION 4. Amends the heading to Section 775.0745, Health and Safety Code, to read as follows:

Sec. 775.0745. ELECTION TO INCREASE TAX RATE OR IMPOSE TAX.

SECTION 5. Amends Section 775.0745, Health and Safety Code, by adding Subsection (a-1), to require the board, if the board decides to increase a tax imposed under Section 775.074(a-1) to any rate above the rate approved by the voters under Section 775.074(a-2), to order an election to authorize the tax rate increase. Requires the board, notwithstanding Subsection (c) (relating to the requirement that the election be held on a certain date), to hold the election on the uniform election date in November. Requires that the proposition on the ballot state the proposed tax rate to be authorized at the election and requires that the notice for the election conform to the requirements prescribed by Subsection (b) (relating to requiring the board to give notice of the election) and Section 775.074(a-3).

SECTION 6. Effective date: January 1, 2010, contingent upon approval by the voters of the constitutional amendment relating to authorizing an ESD to impose an ad valorem tax on property situated in the ESD not to exceed five cents for the acquisition of land, equipment, or apparatus or the construction of capital improvements.