

- SUBJECT:** Repealing lower tax rate limit for Harris County ESDs
- COMMITTEE:** Local Government Ways and Means — favorable, without amendment
- VOTE:** 5 ayes — Hill, Elkins, Puente, Quintanilla, Uresti
0 nays
2 absent — Hamilton, Laubenberg
- WITNESSES:** For — Howard Katz, Harris County Emergency Services District; Fred Windish, Ponderosa Volunteer Fire Department Emergency Services District 28/ Harris County, Spring Volunteer Fire Department
Against — None
- BACKGROUND:** Texas Constitution, Art. 3, sec. 48-e, authorizes the creation of emergency services districts (ESDs), which are taxing units that provide emergency services such as ambulance and fire services. The commissioners court of a county with an ESD may levy an ad valorem tax of up to 10 cents per \$100 valuation.
- Health and Safety Code, ch. 775, establishes the requirements for creating an ESD, including a required petition and election. If the commissioners court in a county with a population of more than 2.4 million — Harris County — receives a petition for an ESD wholly within the county borders, it is required to order an election and authorize a maximum tax of 3 cents on each \$100 value of property in district. An ESD in Harris County that originally was a rural fire prevention district or overlaps a district created before September 1, 2003, is restricted to an assessment of 6 cents on each \$100 value of property in district.
- All counties, except Harris County, can hold an election to raise the ESD tax rate up to the constitutional limit of 10 cents.
- Harris County has 26 single-county and two multi-county ESDs, six of which perform emergency medical services (EMS) only and are subject to the three-cent cap. The remaining ESDs perform fire and EMS or fire only and are subject to a 5- or 6-cent cap, depending on whether they converted

to ESDs by election or statute. The six ESDs subject to the 3-cent cap are Rosehill, Crosby, ESD 1 (generally, Little York, Aldine, and Westfield), Cypress Creek, and two ESDs in the Sheldon area.

DIGEST: HB 2575 would remove the statutory limit below 10 cents per \$100 valuation on maximum ESD taxation for all districts for which a petition was granted on or after the effective date of the bill and would permit those counties to hold an election to increase the tax rate.

The bill would take effect September 1, 2005.

SUPPORTERS SAY: CSHB 2575 would apply the 10-cent cap to all the state's ESDs. Some Harris County ESDs are subject to the 3-cent cap, while others are capped at 5 or 6 cents, depending on how and when they were created. This bill would standardize the options for ESD tax rates within Harris County.

After the authorization for ESDs was established in 1987, Harris County sought to limit the maximum tax rate because, as a populous county, its ESDs could raise a sufficient amount of funding on a 3-cent tax rate. Since then, the costs of services and equipment have risen more quickly than the value of the tax base, and Harris County ESDs now need the option of asking local voters to approve rates above 3 cents.

The costs involved in emergency services have increased over the last 15 years. Not only has the cost and required amount of equipment increased, but the dynamics of staffing emergency services have changed. Even volunteer departments now must employ staff because many volunteers work far from home and only can be on-call for limited periods of time — in the evenings and on weekends, for example. The services required also have become more extensive as emergency services departments are a community's first responders.

OPPONENTS SAY: No apparent opposition.

NOTES:

The companion bill, SB 1621 by Lindsay, passed the Senate on the Local and Uncontested Calendar on April 28 and was reported favorably, without amendment, by the House Local Government Ways and Means Committee on May 9, making it eligible to be considered in lieu of HB 2575.