

- SUBJECT:** Emergency services district authority to impose additional property taxes
- COMMITTEE:** Ways and Means — favorable, without amendment
- VOTE:** 8 ayes — Oliveira, Otto, Bohac, Hartnett, C. Howard, Peña, Taylor, Villarreal
- 0 nays
- 2 present, not voting — P. King, Paxton
- 1 absent — Hilderbran
- WITNESSES:** For — Howard Katz, Harris County ESD No. 28; Scott Kerwood; Keith Lewis, State Association of Fire and Emergency Districts; James Linardos, Lake Travis Fire and Rescue, Travis County ESD No. 6; Ron Moellenberg, Travis County ESD No. 2; Don Smith, Williamson County ESD No. 4; Debbie Tanner-Jacobs, Lake Travis Fire and Rescue, Travis County ESD No. 6; (*Registered, but did not testify:* John Carlton, State Association of Fire and Emergency Districts; Jim DeWitt, Travis County ESD No. 6; John Grasshoff, Travis County ESD No. 2; Barker Keith II, Lake Travis Fire and Rescue, Travis County ESD No. 6; John Kiracofe, Williamson County ESD No. 1; Donna Lewis; Terry L. Struble, Travis County ESD No. 2)
- Against — (*Registered, but did not testify:* Michele Gregg, Texas Apartment Association)
- BACKGROUND:** Texas Constitution, Art. 3, sec. 48-e allows the enactment of laws that authorize the commissioners courts of counties participating in emergency services districts to levy a tax on real and personal property in those districts not to exceed 10 cents per \$100 property valuation. Any tax levied to support emergency services districts must be approved by the voters in the district.
- DIGEST:** HJR 112 would amend Art. 3, sec. 48-e of the Texas Constitution to authorize legislation allowing emergency services districts to impose an additional property tax, not to exceed 5 cents per \$100 property valuation,

for the acquisition of land, equipment, or apparatus or the construction of capital improvements.

The proposed constitutional amendment also would require any real or personal property tax imposed by an emergency services district to be used for operations and capital support.

The proposal would be presented to the voters at an election on Tuesday, November 3, 2009. The ballot proposal would read: "The constitutional amendment to authorize the imposition of an additional ad valorem tax for an emergency services district, subject to voter approval, at a rate not to exceed five cents for the acquisition of land, equipment, or apparatus or the construction of capital improvements."

**SUPPORTERS
SAY:**

HJR 112 would allow emergency services districts (ESDs) to increase their funding for much-needed equipment, land, and capital improvements. Real and personal property tax revenue is a main source of funding for these districts, but the current restriction on how much they can collect means many ESDs struggle to provide basic services, such as fire prevention and control and emergency ambulance and medical services, particularly in areas that have seen rapid population growth. Allowing an additional tax of up to 5 cents per \$100 would enable ESDs to buy more equipment or build new facilities.

Voters still would have to approve any proposal to impose or increase such a tax, and the enabling legislation, HB 3477 by Bolton, would require an emergency services district board to file a capital improvements plan open for public inspection at least 30 days before the election date. It also would require that any additional tax expire once the purchase price of the capital assets and the bonds, notes, loans, or other indebtedness were paid in full.

**OPPONENTS
SAY:**

The current economic climate is ill-suited for more local tax increases. While ESDs provide necessary government services, HJR 112 and its enabling legislation could increase the economic hardship homeowners face at a time when they can least afford it.

NOTES:

HB 3477 by Bolton, the enabling legislation for HJR 112, which would authorize emergency services districts to increase real and personal property taxes and requiring that taxes imposed or increased be targeted

towards operations and capital, was placed on the General State Calendar for May 4 and postponed until today.

The companion resolution, SJR 43 by Lucio, was reported favorably, without amendment, by the Senate Finance Committee on April 28. Its enabling legislation, SB 2212 by Lucio, was reported favorably, as substituted, by the Senate Finance Committee on April 30.