

SUBJECT: Allowing multi-year interlocal contracts

COMMITTEE: State Affairs —favorable, without amendment

VOTE: 9 ayes — Cook, Menendez, Craddick, Frullo, Gallego, Geren, Hilderbran, Huberty, Solomons

0 nays

4 absent — Harless, Oliveira, Smithee, Turner

SENATE VOTE: On final passage, March 31 — 31-0

WITNESSES: No public hearing

BACKGROUND: Under Texas Constitution, Art. 11, secs. 5 and 7, for a city having a population of greater than 5,000 and all counties and cities bordering the coast of the Gulf of Mexico, no debt may be created by the city or county unless a tax is levied that is sufficient to pay the interest and a sinking fund of at least two percent is created.

DIGEST: SJR 26 would amend Texas Constitution, Article 11, to allow the legislature by general law to authorize certain cities and counties to enter into interlocal contracts with other cities or counties without meeting the tax assessment and sinking fund requirements.

The proposal would be presented to the voters at an election on Tuesday, November 8, 2011. The ballot proposal would read: “The constitutional amendment authorizing the legislature to allow cities or counties to enter into interlocal contracts with other cities or counties without the imposition of a tax or the provision of a sinking fund.”

SUPPORTERS SAY: Texas Constitution, Article 11, sections 5 and 7, have been interpreted in a manner that impedes the ability of cities and counties to jointly administer programs or provide services. Currently, a contract entered into by local governments that is longer than one year constitutes a debt, requiring the imposition of a tax and the creation of a sinking fund. This has limited the

ability of local governments to contract with each other for long-term projects, such as the construction of infrastructure.

SJR 26, in conjunction with the enabling legislation SB 760 by West, would allow cities and counties to enter into contracts for longer than one year without that contract automatically constituting a debt. This would give local governments the flexibility to consolidate more projects and services, reducing duplication of efforts, and reducing costs to taxpayers.

OPPONENTS
SAY:

No apparent opposition.

NOTES:

The enabling legislation, SB 760 by West, passed the Senate by 31-0 on March 31 and passed the House, as amended, on the Local, Consent, and Resolutions Calendar on May 23.