

## **BILL ANALYSIS**

Senate Research Center  
82R6357 JTS-D

S.J.R. 26  
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As Filed

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

Chapter 791 (Interlocal Cooperation Contracts), Government Code, governs the ability of local governments to enter into contracts with other entities. The purpose of Chapter 791 is "to increase the efficiency and effectiveness of local governments by authorizing them to contract, to the greatest possible extent, with one another and with agencies of the state." While municipalities and counties have been encouraged to utilize the Interlocal Cooperation Act to jointly administer programs, existing constitutional requirements have inhibited its use. Specific provisions found in Section 7, Article 11, Texas Constitution, have been interpreted to require that at the time a local government assumes any debt that it must include the creation of a sinking fund and tax levy. In general, this provision has been interpreted to mean that any indebtedness by a city or county must include the levy of a tax.

While the need and desire to consolidate services and programs has been expressed by numerous cities and counties in Texas, these statutory and constitutional provisions have impeded the ability of these local governments to increase the efficiency by contracting with each other to jointly provide services. S.J.R. 26 seeks to address this situation by proposing a constitutional amendment to be put to the voters to clarify that contracts entered into between a municipal and county government under Chapter 791, Government Code, do not require the creation of a sinking fund and a tax levy.

As proposed, S.J.R. 26 proposes a 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.

### **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 5, Article XI, Texas Constitution, as follows:

Sec. 5. (a) Creates this subsection from existing text. Authorizes certain cities to levy, assess, and collect such taxes as may be authorized by law or by their charters; but provides that no tax for any purpose shall ever be lawful for any one year, which exceeds two and one-half per cent of the taxable property of such city, and that no debt shall ever be created by any city unless, at the same time, a provision is made to assess and collect annually a sufficient sum to pay the interest thereon and create a sinking fund of at least two percent, thereon, except as provided by Subsection (b).

(b) Authorizes the legislature, to increase efficiency and effectiveness to the greatest extent possible, by general law to authorize cities to enter into interlocal contracts with other cities or counties without meeting the assessment and sinking fund requirements under Subsection (a).

SECTION 2. Amends Section 7, Article XI, Texas Constitution, as follows:

Sec. 7. (a) Creates this subsection from existing text. Provides that no debt for any purpose shall ever be incurred in any manner by any city or county unless provision is made, at the time of creating the same, for levying and collecting a sufficient tax to pay the interest thereon and provide at least two percent as a sinking fund, except as provided by Subsection (b); and the condemnation of the right of way for the erection of such works to be fully provided for.

(b) Authorizes the legislature, to increase efficiency and effectiveness to the greatest extent possible, by general law to authorize cities to enter into interlocal contracts with other cities or counties without meeting the tax and sinking fund requirements under Subsection (a).

SECTION 3. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 8, 2011. Sets forth the required language for the ballot.