

SUBJECT: Voter notification in advanced transportation district elections

COMMITTEE: Local Government Ways and Means — favorable, without amendment

VOTE: 7 ayes — Hill, Hamilton, Elkins, Laubenberg, Puente, Quintanilla, Uresti
0 nays

SENATE VOTE: On final passage, April 21 — 31-0, on Local and Uncontested Calendar

WITNESSES: No public hearing

BACKGROUND: Transportation Code, ch. 451 allows cities to create metropolitan rapid transit authorities (MRTAs). Subchapter O allows a MRTA that has a 0.5 percent sales-tax rate and that operates primarily in a city with a population greater than 700,000 to create an advanced transportation district (ATD) within its boundaries. With voter approval, MRTAs may levy taxes, including sales and use taxes, to fund both their own operations and those of their ATDs. Under current law, only the San Antonio MRTA may create an ATD. San Antonio operates two transit districts — the VIA metropolitan transit district and the ATD district.

Voters approved the creation of San Antonio's VIA Metropolitan Transit Authority in 1977, to be funded with a 0.5 percent sales tax levied in San Antonio and seven other incorporated cities. VIA has authority to provide public transportation services for citizens within its service area, which includes almost all of Bexar County. VIA is governed by an 11-member board, of whom five are appointed by the San Antonio City Council, three by the Bexar County Commissioners Court, and two by suburban city mayors.

In 2003, the 78th Legislature enacted SB 404 by Madla, which required San Antonio's ATD sales-tax to be levied in eighths of a percent up to 0.5 percent. ATDs are prohibited from adopting or increasing tax rates that would cause aggregate local sales-tax rates levied by other political subdivisions with territory within ATDs to exceed 2 percent anywhere within the ATD. After an election, if the district's tax exceeds 2 percent, the approved tax repeals all other local sales and use taxes in that unit,

except the ATD tax and local taxes of up to 1 percent.

DIGEST: SB 1339 would allow the governing body of communities that either opted not to join an ATD or did not participate in an original election to order an election at a later date to consider the question of joining the ATD. An election could not be held if the ATD determined that the addition of the municipality or unincorporated area would create a financial hardship on the district because the territory to be added was not contiguous to the territory of the existing district or the addition of the territory would impair the imposition of the ATD sales and use tax.

If approval of the ATD tax would cause the tax in a political subdivision to exceed the 2 percent limit, the governing body would have to prepare the ballot to allow voters to determine which portion of other sales taxes of that subdivision would be repealed if the voters approved joining the district.

The ballot would have to be prepared to permit voting for or against substantially the following proposition: "Joining the Advanced Transportation District, authorizing a sales and use tax at the rate of ____ (rate imposed elsewhere in the district), and repealing ____ cents of the following sales and use taxes used for ____." The governing body of the political subdivision would have to submit the ballot language to the ATD for approval no later than 45 days before the election date.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2005.

SUPPORTERS SAY: SB 1339 would clear up confusion among cities in the San Antonio area that would have exceeded the 2 percent tax cap if voters approved initiatives to join the ATD. The bill would require the governing body of a municipality to decide which taxes would have to be eliminated if the cap were exceeded and to inform voters of this decision. Voters would have to affirm this choice based on information clearly stated in the ballot. This would provide voters and elected officials with clear direction about which taxes were authorized.

The bill also would give ATDs clear authority to deny the participation of cities and unincorporated areas in specific circumstances that would create

a financial hardship for the district. This would benefit the overall ability of the governing body to soundly manage the ATD.

OPPONENTS
SAY:

No apparent opposition.