

BILL ANALYSIS

Senate Research Center

S.B. 748
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Intergovernmental Relations
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As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Current law allows cities and water districts to contract with one another under a strategic partnership agreement and limited purpose annexation that allows the city to levy a sales tax in the commercial area of a district that it intends to eventually fully annex. The district in return receives a portion of the tax revenue raised by the city. Some districts apply the revenue toward bonded indebtedness in order to reduce the tax rate for their residents. Other districts would like to use the money for other purposes. As proposed, S.B. 748 allows the district to use the tax revenue for any purpose of the city or the district.

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 Subchapter C, Chapter 49, Water Code, by adding Section 49.073, as follows:

Sec. 49.073. USE OF CERTAIN CONTRACT FUNDS. Authorizes a district receiving funds from a municipality pursuant to the provisions of a contract with a municipality, including a strategic partnership agreement authorized under Section 43.0751 (Strategic Partnerships For the Continuation of Certain Districts), Local Government Code, to use such funds for any lawful purpose of either the district or the applicable municipality, unless required otherwise by the applicable contract. Requires the purposes of the district be to construed to include the municipal purposes for which such funds are used by the district hereunder.

SECTION 2. Effective date: upon passage or September 1, 2005.