

BILL ANALYSIS

Senate Research Center

S.B. 878
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Natural Resources
3/16/2005
As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Present 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, while other districts would like to use the money for specific purposes.

S.B. 878 allows districts in Harris County to use the tax revenue for any purposes of the city or district, including the building of sound barriers.

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 D, Chapter 54, Water Code, by adding Section 54.2352, as follows:

Sec. 54.2352. USE OF MONEY RECEIVED UNDER CERTAIN CONTRACTS. Authorizes a municipal utility district (district) located in a county with a population of 3.3 million or more which receives money from a municipality under the terms of their contract, including a strategic partnership agreement authorized by Section 43.0751 (Strategic Partnerships for Continuation of Certain Districts), Local Government Code, to use the money for any purpose of the district, including the construction and maintenance of sound barriers, unless the contract requires the district to use the money for a specified purpose.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2005.