



# City Council Agenda Item Report

February 19<sup>th</sup>, 2013

## Agenda Item \_\_\_\_

Contact – Brian LaBorde, ACM  
512-312-0084 / blaborde@ci.buda.tx.us

---

**SUBJECT: STAFF REPORT: LEGISLATIVE UPDATE ON 83<sup>RD</sup> LEGISLATURE**

---

### 1. BACKGROUND/HISTORY

Staff was tasked by City Council to look into legislative matters regarding water issues (black hydrants and ratemaking), sales tax allocation between cities and ESDs and adequate state funding for libraries in Texas.

### 2. FINDINGS/CURRENT ACTIVITY

#### Water issues:

City Manager, Mayor, Councilmember Ron Fletcher, Legislative Advocate Jim Boyle, and I met with House Rep. Jason Isaac, Senator Kirk Watson's office, and Senator Donna Campbell regarding black hydrants on 1/30/13. The concern with black hydrants is privately-owned utilities do not have to follow fire suppression requirements as required for municipalities. The City of Buda along with the City of Kyle's city limits share in an existing CCN owned by the privately-owned utility of Monarch. With area such as Park 35 South that requires business prospects to meet building and fire codes, fire suppression is required; however, such water utilities are not owned and operated by the City subsequently costly improvements are required on-site by the prospect prior to any certificate of occupancy. Such comments were addressed and both Isaac and Campbell have agreed to sponsor our draft bill. Currently, the bill is being revised by the Texas Legislative Council and both Isaac and Campbell will get together to discuss the bill. Both offices will be in contact with us on such revisions. Attached is the original draft bill for reference.

With regards with water and sewer ratemaking, a big push early on has been to transfer such from TCEQ to the PUC. The PUC would be better equipped to carry out such functions than TCEQ. Recently, a bill looks to be sponsored by House Rep. Geren of Forth Worth and Senators Watson and Nichols would handle the bill in the Senate. Attached is a copy for your reference.

### Sales tax allocation between cities and ESDs:

With the potential sales tax election by ESD # 8, staff looked into the possibility of a local bill with the support of ESD # 8 in allocation of such sales tax between the city and ESD # 8. When staff met with ESD #8, the Chief indicated at the 82<sup>nd</sup> Legislature, both the ESD lobby and TML had a mutual consensus on proposed legislation regarding a 50/50 split in sales tax allocation. When staff contacted TML on such bill, we were sent several bills including the 50/50 split bill. TML indicated they will try to get sponsors for their bills as set forth in their legislative agenda for ESD sales tax allocation. In review of the 50/50 split bill, staff revised it to reflect our local situation. Attached is the draft bill covering the following areas:

#### Health & Safety Code:

- (d) Indicates that the city and ESD can contractually allocate sales tax among themselves in the form of an agreement and the Comptroller will recognize and pay the amounts accordingly.
- (e) If no agreement is in place prior to annexation, the amount of sales tax above the 2% cap shall be reduced equally among the parties.

#### Tax Code:

- (f-1) Directs the Comptroller to withhold the amount of sales tax that is over the 2% cap and pay half of the amount to the city the other half to the ESD.
- (f-2) Directs the Comptroller to allocate sales tax according to the agreement.

Originally, the meeting with Rep. Isaac on 1/30/13, the city expressed its concerns on such issue and asked if Rep. Isaac would review a draft bill. On, 2/13/13, the City Manager, Director of Library Services and I met with the Legislative Director for Rep Isaac, Trey Thigpin, and asked for Rep. Isaac to review such draft. Mr. Thigpin said he would get with Jason to discuss and get back with us. Staff will follow up to see in his interests.

### Adequate state funding for libraries in Texas:

As Council may recall, a resolution was passed at the 2/5/13 Council meeting, supporting the Texas State Library and Archives Commission legislative appropriation request regarding adequate state funding for libraries in Texas. At the 2/13/13 meeting with Mr. Thigpin, Melinda Hodges stress the need for such funding and for Rep. Isaac to support such resolution. Mr. Thigpin was going to research the situation and get back with us.

## **2. FINANCIAL IMPACT**

## **4. ACTION OPTIONS/RECOMMENDATION**

## **5. ATTACHMENTS**

1. Black Hydrant bill
2. Transfer to PUC bill
3. Sales tax allocation bill