

# Emergency Services Districts and Cities: Working Together for Texas

SAFE-D/TML Joint Webcast  
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## What is an ESD?

- ESDs are local political subdivisions established under the Constitution of the State of Texas that may provide fire, rescue, EMS and other emergency services
  - Governed by 5 commissioners appointed by County Commissioners Court - except in Harris, Smith and Orange Counties and multi-county ESDs, where they are elected
  - Primarily funded by property taxes not to exceed \$0.10



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## Why are ESDs created?

- ESDs Ensure adequate funding of local fire, EMS, rescue and other emergency services
- ESDs spread funding for emergency services among everyone that might receive those services



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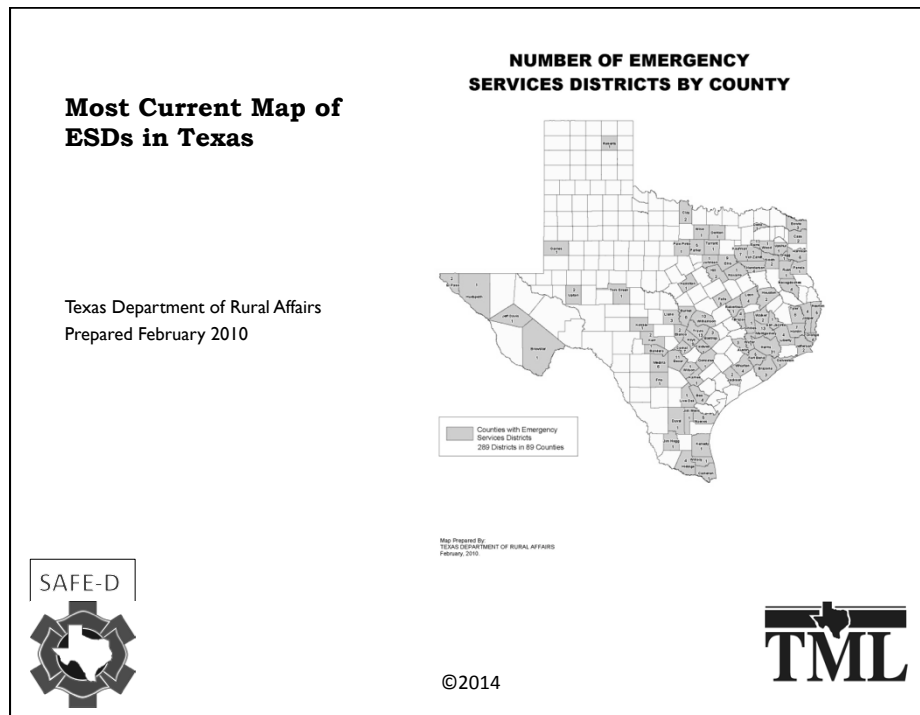
## ESD Statistics

- Over 300 known ESDs in Texas
- Nearly 50% are SAFE-D members
- One-Third with Tax Rates >\$0.09/\$100
- Approx. 50 ESDs collecting Sales Tax



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- ## History
- Rural Fire Prevention Districts Amendment to Constitution Approved November 1949
    - Tax Cap of \$0.03
    - Enabling Statute Adopted in 1957
  - Emergency Services Districts Amendment to Constitution Approved November 1987
    - Tax Cap of \$0.10
    - Enabling Statutes Adopted same year
- SAFE-D
- 
- TML
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## Laws Governing ESDs

- Article III, Section 48-e of the Texas Constitution
- Chapter 775 of the Texas Health & Safety Code
- Texas Open Meetings and Public Information Acts
- Election Code
- Property Tax Code
- Public Funds Investment Act
- Professional Services Procurement Act
- Chapter 2269 of the Government Code relating to construction of facilities
- And More!



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## Basic Creation Process

- Requires Petition by Qualified Voters to County
  - Consent of a City Required at Creation if the proposed Area includes ETJ or City Limits
- Acceptance by County Commissioners Court
- Public Hearing on Creation
- Determination by County Commissioners Court
- County Election on Creation



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## Funding

- Property Tax
- Sales Tax
- Fees



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## Ad Valorem Taxes

- Schedule meetings and public hearings on Budget and Tax Rate to comply with Truth-in-Taxation requirements.
- Adopt Budget by September 30<sup>th</sup> and before adopting a Tax Rate.
- Adopt Tax Rate by September 30<sup>th</sup> or within 60 days after tax roll certification.



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## Sales Tax

- Maximum 2% Local Sales Tax
- Increments of 1/8%
- Sales Tax Election
- Exclusion of area at 2% cap – the “Carve Out”



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## Fees

- A district, or a person authorized by contract on the district's behalf, may charge a reasonable fee for emergency services performed for or on behalf of a person or entity, including a fee for responding to a false alarm or for a fire code inspection.
- Provide notice and conduct public hearing to adopt false alarm fees (penal in nature).



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## Types of ESD Operations

“If you have seen one ESD, you have seen one ESD”

- **Volunteer Departments**
  - Volunteers have other jobs in local community
- **Combined Departments**
  - Paid staff to cover shifts when volunteers are out of community at work
- **Employee Departments**
  - Insufficient volunteer manpower to meet call volume demands of service area



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## City/ESD Challenges

- Removal of city territory from ESD
- ESD expansion into city territory
- Sales tax sharing



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## City Removal of Territory from ESD

- Cities may annex into and remove the annexed territory from an ESD
- Certain procedures apply to annexation process
- ESD entitled to compensation under certain circumstances



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## Addition of Land to ESD

- Petition of at least 50 qualified voters who own property in the area initiates process
- District conducts hearing on petition
- No consent of a City required by statute
- Election required for addition
  - Voters in District must approve addition
  - Voters in Area to be added must approve



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# Sales Tax Challenges

- What if City within ESD wants to annex for sales tax revenue?
- What if remaining 2% local sales tax is already committed to ESD?
- Scenario is created by ESD ability to have non-uniform sales tax
- ESD and City may reach agreement about sharing sales tax

– Health & Safety Code §775.0754



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# Questions?

## SAFE-D

- John Carlton  
General and Legislative Counsel

## TML

- Scott Houston  
General Counsel
- Bill Longley  
Legislative Counsel



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**Emergency Services Districts  
and Cities:  
Working Together for Texas**

**State Association of  
Fire and Emergency  
Districts**

PO Box 676  
Pflugerville, TX 78691  
(512) 251-8101



[www.safe-d.org](http://www.safe-d.org)

**Texas Municipal  
League**

1821 Rutherford Lane  
Austin, Texas 78754  
(512) 231-7400  
[www.tml.org](http://www.tml.org)



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