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Special districts help solve taxing situations

They represent a way to keep local control of tax dollars.

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AUSTIN — State leaders promise one thing in the face of a \$10 billion projected state revenue shortfall — no new taxes. But legislators aren't the only ones with the power to levy taxes and impose fees.

Lawmakers can create special districts and grant them authority to levy property taxes and borrow against those taxes to pay for improvements within their boundaries.

In San Antonio and elsewhere in Texas, they're proposing to do just that to boost economic development, improve education and fund other projects.

It's one way to keep local control of tax dollars and local officials accountable for how they're spent, said Michael Sullivan, government and media relations director for the Texas Public Policy Foundation.



JONES

Dallas Cowboys owner Jerry Jones wants lawmakers to approve Senate Bill 1111, which could allow the team to build a new stadium with a voter-approved increase in county hotel and car rental taxes that would be the highest in the state.

The city of Dallas already increased car and hotel rental taxes to pay for a \$125 million share of the American Airlines Center.

In San Antonio, legislation proposed by Sen. Leticia Van de Putte and Rep. Jose Menendez would allow hospital districts to borrow money by using certificates of obligation secured by property taxes.

Such certificates, like general obligation bonds, can be issued without voter approval and require a second revenue source to back them up, a Fisk Securi-

ties analyst said. "Certainly, for those of us that like open government, it adds those components of making sure that people are involved in the decisions," Sullivan said.

Patient revenues would be the likely second source for hospital districts, said Van de Putte, D-San Antonio.

Hospital districts couldn't levy new or higher taxes under the bill, but they could borrow against existing taxes.

Van de Putte said, hospital districts are likely to suffer because of cuts to indigent health care programs and that lawmakers were responding by "just trying to be creative in these troubling times."

"Because of the amount of the budget shortfall (and) the possibility of cutting Medicaid rolls or provider reimbursements, our cost-cutting at the state level will adversely affect our hospital districts and will severely strain their resources," she said.

A Menendez spokesman said the Bexar County Commissioners Court can issue certificates of obligation for funding jails, "but ironically, not through the hospital district."

Another special district is being proposed to ease the strain of growth in the North East School District, which gets 1,700 to 2,000 extra students each year.

The growth prompted House Bill 1052, authored by Rep. Mike Villarreal, D-San Antonio, and companion SB 740 by Van de Putte. Under the bills, a school district could assess a fee on new residential developments or receive a percentage of its property for new school construction.

"It's not only smart for meeting our school needs, but it's also smart for the bottom line," Villarreal said. "These developments are enhanced when land is set aside for schools. It just makes a lot of sense."

Fred Calhoun, NESD assistant superintendent, said building schools within residential developments is difficult and expensive. Some developers already work with the district to find a school site, but "it's like we get what's left," he said.

"We'd really like to have a school site down in the development and not on major thoroughfares," Calhoun said. "I feel it would be a tremendous advantage to us not only to save tax-

payers' money, but also to have some way of selecting a site that's most advantageous to the kids."

Calhoun and Villarreal said putting schools inside residential subdivisions makes them more attractive to buyers.

Neither the Texas Association of Builders nor the Greater San Antonio Builders Association returned calls seeking comment.

Voters could decide whether to impose more taxes to raise revenue for VIA Metropolitan Transit under a proposal by Sen. Frank Madla, D-San Antonio, to create an "advanced transportation district."

VIA is the largest urban mass transit service in Texas to operate on funds from a half-cent sales tax. The services in Dallas and Houston use a full cent.

"We provide quite a bit of service on the one-half cent we get," VIA spokeswoman Priscilla Ingle said. "Unfortunately, as the city is growing, we are not able to grow the service along with it."

If Madla's SB 404 passes, a local referendum could approve raising the sales tax in increments of an eighth of a cent. Half of that new revenue would go toward implementing new technology, such as bus rapid transit, which is similar to light rail.

A quarter of the funds would go to building and repairing roads, and the remainder would be used to match federal dollars for highway construction.

Madla filed a proposal last week, in line with Mayor Ed Garza's plans for a South Side Improvement District, that could levy taxes, collect fees and issue bonds to pay for educational programs and infrastructure improvements.

SB 1565 would create a board of directors, appointed by the city and local school districts, to draw a master plan for development in the area. The board could levy sales and use taxes if approved in a local election.

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