

January 13, 2013

TRAVIS COUNTY TAXES

Pflugerville area moving to create dual emergency districts to increase revenue



[Ricardo B. Brazziell](#)

Fire fighter Justin Crawford cleans up at the beginning of a shift for Emergency Service District No. 2 — the Pflugerville Fire Department. Some are calling for an overlay district that would double the entity's taxing capacity.



[Ricardo B. Brazziell](#)

Fire fighters Bren Rotelli, left, and Danny Timmons test out the truck at the start of a for Emergency Service District No. 2 — the Pflugerville Fire Department. Some are calling for an overlay district that would double the entity's taxing capacity.

By [Farzad Mashhood](#)

American-Statesman Staff

After years of budget shortfalls, a Travis County fire district hopes voters will approve the creation of a second, geographically identical district as a way to increase tax revenue.

The existing Emergency Service District No. 2 — known as the Pflugerville Fire Department — taxes property at the 10-cent maximum rate set by the state for such districts. The new, so-called “overlay” district 2A would get around the state cap and provide additional revenue to support fire and emergency medical service.

How voters receive the effort may be a litmus test for other area districts seeking additional revenue amid increasing demands for services, officials say. Harris, Comal and Hill counties have doubled-up or overlapped emergency service districts, but Pflugerville could be the first to do so in the Austin area.

The new Pflugerville district could collect up to an additional 10 cents per \$100 property valuation, though officials have said they're not sure how much they would collect if the effort succeeds. Under the maximum allowed tax rate, the average homeowner in the district would pay another \$152 in property taxes. The area, which includes Pflugerville and Wells Branch in Northeast Travis County, has about 100,000 residents.

Governmental entities, including the fire district, cannot legally advocate for a tax election. But more than 100 residents of the district have signed a petition, enough to bring the matter to a vote. A handful of governments with jurisdictions in the area must also sign off on the new district before a possible May election.

The Austin City Council plans to address the matter at its meeting Thursday. The Pflugerville City Council will meet publicly with the fire district's board before its Jan. 22 meeting. Travis County commissioners scheduled a public hearing on the issue for Feb. 12. When Round Rock might address the matter isn't clear.

The effort to create the new district and a new revenue stream comes as Travis County's 13 fire districts grapple with growing populations and calls for service, an issue compounded by the loss of tax base as Austin annexes as it grows outward. And because of the proximity of their fire stations, some districts continue to provide service to recently annexed areas.

"Nobody wants new taxes — I don't want a new tax — but there are some things that taxes are meant to pay for," Pflugerville Fire Chief Ron Moellenberg said. Raising taxes to fund emergency services makes sense, he added.

Operational dilemma

In a meeting last week, Pflugerville City Council members discussed the proposal but did not take a stance on it. Some said they want to know exactly how much the new district will tax property owners.

"One of the things that's important to me is not to give a carte blanche for an extra buck when you only need an extra 35 cents. Because many, not all, many government agencies will find a way to spend that extra 65 cents whether they really need that 65 cents or not or not," Mayor Jeff Coleman said. "That is something as a citizen I personally would be worried about — is I'm giving you a lot of extra money."

Tax revenues in the district have fallen behind operating costs. In the 2013 budget year, which began in October, the district expects to collect \$5.5 million in property taxes and \$3.8 million in sales taxes. However, its operating budget is \$11 million.

A budget imbalance has been around since at least 2007 as the economy and property values declined, financial documents show. Meanwhile, the area's population has grown significantly, with Pflugerville, the population center of the district, growing 27 percent, to 46,823 residents, from 2007 to 2011, according to the latest figures from the U.S. Census Bureau.

To bridge the gap between revenue and rising expenses, the department has dipped into its rainy day fund in each of the past three years, Moellenberg said. The department has also sold some services — such as inspections for the city of Pflugerville — and rented facilities it owns for banquets and other events, which are expected to bring in a combined \$175,000 this year.

“What we’re facing right now is that a lot of the ESDs — in fact most of the ESDs — are facing an operational dilemma in the future. That is, their tax base is low, but their demands are increasing both on fire and medical service,” said Danny Hobby, executive manager of the Travis County Department of Emergency Services, which provides planning and leadership for the county’s emergency service districts.

‘A steel door’

Emergency service districts were born in the 1980s to provide fire service to areas outside of city limits. Unlike the Austin Fire Department, Pflugerville’s is its own governmental entity — with taxing powers. The Pflugerville emergency services district collects a half-cent sales tax in addition to the state maximum 10-cent property tax. The new district would only collect property tax, as the sales tax is also at the state maximum.

“Once you hit that ceiling, instead of a glass ceiling, it becomes a steel door,” Moellenberg said.

In 2012, 10 Travis County districts collected the maximum property tax. Districts No. 3 in Oak Hill, No. 9 in the Westlake area and No. 11 in the southeastern part of the county taxed 9.89 cents, 8.45 cents and 9.78 cents, respectively.

Statewide, very few areas have overlying districts, said John Carlton, an Austin-based attorney who represents several districts, including Pflugerville’s. He said districts in Comal and Hill counties have overlays to separately pay for fire and emergency medical service. The Comal district has one administration for fire and medical service. In the district in Hill County north of Waco, those services are managed separately.

Travis County’s Emergency Service District No. 6, which covers the Lake Travis area, also is considering an overlay district, but the department’s interim chief said such a move is a ways off.

“If Pflugerville is successful, that’s going to tell people that, in general, people are supportive of that,” Chief Robert Abbott said. “If they don’t (pass it), I think we’ll be back to the drawing board as far as our options for increasing revenues.”

District No. 4 in southeastern Travis County recently lost potential revenue when, in December, the city of Austin annexed an area that includes the Circuit of the Americas, which hosts Formula One. That district’s fire chief, Ken Bailey, said the department has also researched an overlay district but is less enthusiastic about its possible benefits.

Increasing taxes on a diminishing tax base is not a sustainable way of keeping the fire service funded, Bailey said.