

## **City Business** by Michael Leamons

In the year and a half I've been working for the City, several changes have been introduced with the intent of making the City a better steward of the taxpayer's dollars. Change is never easy. Sometimes, it's downright unpopular!

In the past as a good-will gesture, the City has given away services to different public entities. Some of those donations are prohibited by State Law. In a year 2000 Opinion, Attorney General John Cornyn wrote, "The constitution places limits on a city's expenditure of public funds. Article VIII, section 3 of the Texas Constitution provides that "taxes shall be levied and collected by general laws and for public purposes only. Article III, section 52 of the constitution provides in part: (a) Except as otherwise provided by this section, the Legislature shall have no power to authorize any county, city, town or other political subdivision of the State to lend its credit or to grant public money or thing of value in aid of, or to any individual, association, or corporation whatsoever..." Cornyn goes on to say, "Under this provision, city funds may be spent only to carry out a municipal purpose..."

Cornyn summarized his opinion, "Any expenditure of city funds must be for a public and municipal purpose. A city may not donate public funds to a school district or expend funds other than for a municipal purpose." (Links to this and related Attorney General Opinions at the end of this page.)

Any time matters with legal implications arise, City staff consults with the City Attorney and/or the legal staff of the Texas Municipal League. Both indicated the City could not waive HISD permit fees.

Most understand there's no such thing as a "free lunch". Someone's got to pay. One way or another, taxpayers will pay for the costs associated with building permits and fees. The question is, "Which group of taxpayers will pay?" All of the City's taxpayers are located in the HISD tax district, but many of the members of the HISD tax district are not in the City's tax district. The City has a \$60,833,582 tax base, while HISD has a \$162,480,030 tax base. So, if as was done in the past, the City were to continue to give away approximately \$20,000 (a rough estimate) in inspection services and baseball field water services to HISD, it would represent the money that would be raised by 3.5¢ in City property taxes. If the same \$20,000 were paid for by HISD tax payers, it would represent the money that would be raised by 1.25¢ in HISD property taxes. Do you think it is fair to require City tax payers to bear the burden of expenses incurred by HISD? Or, do you think the burden should be spread out over all the HISD tax payers, including those who live in Hamilton, Bosque, Erath and Comanche counties?

Recently, some neighboring entities have raised property taxes (Dublin, 10%; Erath County, 4 1/2%, that on top of last year's 15% increase) or are considering raising taxes (Stephenville, 4 1/3%). In 2001, Hico's tax rate was 69.29¢ (per \$100 valuation); today, it is 69.99¢. Dublin's new rate is \$1.0883. To prevent Hico's tax rate from escalating, every expense must be scrutinized and justified.

It's my job to explain the legal and business decisions facing the City to the City Council and to you, the citizens. To improve the City's stewardship of your tax dollars, I'm willing to take the heat for raising controversial issues. All I ask is that the issues raised be given a fair hearing. The reason I left the private sector and became involved in

City business is because I believe in “Government of the people, by the people, for the people.” The final decision on all City business lies in your hands and in the hands of those you elect to represent your interests at City Hall.

May God bless the City of Hico.

Attorney General Abbott opinion:

<https://www.oag.state.tx.us/opinions/opinions/50abbott/op/2008/pdf/ga0664.pdf>

Attorney General Cornyn opinion:

<https://www.oag.state.tx.us/opinions/opinions/49cornyn/op/2000/pdf/jc0212.pdf>

Attorney General Mattox opinion:

<https://www.oag.state.tx.us/opinions/opinions/47mattox/op/1990/pdf/jm1255.pdf>