

To the Mayor and Members of the City Council

September 1, 2020

Page 1 of 3

**SUBJECT: CCPD BOARD AUTHORITY TO TAX RESIDENTIAL GAS AND ELECTRIC USE**

Residential use of natural gas and electricity is exempt from most local sales and use taxes.

However, on January 1, 2010, Section 321.1055 of the Texas Tax Code became effective, giving the boards of certain special purpose districts (SPDs) – including the Fort Worth Crime Control and Prevention District (FWCCPD) – the authority to impose the district's sales and use tax on residential use of gas and electricity within the district.

The structure of the statute vests that authority solely in the hands of the CCPD board. It does not require input from or notice to the governing body (City Council) of the municipality that shares boundaries with the district, and the statute does not allow the authority to be delegated to anyone other than the board itself.

The statute raised concerns over the newly created taxing ability residing in the hands of appointed individuals who had not been elected by taxpayers. Those concerns factored in to the decision of the Fort Worth City Council to adopt a resolution to appoint the Council's membership as the board of directors of the FWCCPD in accordance with Section 363.1015 of the Texas Local Government Code. (Resolution 3859-02 2010.)

As of August 2020, residential use of gas and electricity is not taxed by FWCCPD.

As shown in the attached chart, the Texas Comptroller's website indicates that since Section 321.1055 went into effect, twenty-two other special districts have exercised the authority granted under the statute and extended their sales and use taxes to residential use of gas and electricity. Of those SPDs, most have boards that are made up of the members of the creating city's governing body (city or town council), but three are governed by appointed boards.

If you have questions concerning this information, please contact Denis McElroy, Assistant City Attorney, at 817-392-2758.

David Cooke
City Manager

To the Mayor and Members of the City Council

September 1, 2020

Page 2 of 3



SUBJECT: CCPD BOARD AUTHORITY TO TAX RESIDENTIAL GAS AND ELECTRIC USE

SPECIAL-PURPOSE DISTRICTS LEVYING LOCAL SALES AND USE TAX ON THE RESIDENTIAL USE OF GAS AND ELECTRICITY

Special-Purpose District	Associated Municipality	Type of Boundary	Composition of Board	Effective Date
Argyle Crime Control District	Argyle	Citywide	Appointed	07/01/2010
Cedar Hill Crime Control and Prevention District	Cedar Hill	Citywide	Council as board	10/01/2014
Colleyville Crime Control and Prevention District	Colleyville	Citywide	Council as board	04/01/2020
Corpus Christi Crime Control District	Corpus Christi	Citywide	Appointed	07/01/2010
Dalworthington Gardens Crime Control District	Dalworthington Gardens	Citywide	Council as board	04/01/2019
Eules Crime Control District	Eules	Citywide	Mixture of Appointed and Council	07/01/2010
Flower Mound Crime Control District	Flower Mound	Citywide	Council as board	07/01/2010
Flower Mound Fire Control District	Flower Mound	Citywide	Council as board	07/01/2010
Grand Prairie Crime Control District	Grand Prairie	Citywide	Council as board	07/01/2010
Hurst Crime Control District	Hurst	Citywide	Council as board	07/01/2010
Leon Valley Crime Control and Prevention District	Leon Valley	Citywide	Unknown	04/01/2015
Lewisville Crime Control District	Lewisville	Citywide	Council as board	04/01/2012
Lewisville Fire Control District	Lewisville	Citywide	Council as board	04/01/2012
Lucas Fire Control and Prevention District	Lucas	Citywide	Council as board	10/01/2017
North Richland Hills Crime Control District	North Richland Hills	Citywide	Council as board	07/01/2010
Prosper Crime Control and Prevention District	Prosper	Citywide	Unknown	10/01/2018
Prosper Fire Control and Prevention District	Prosper	Citywide	Unknown	10/01/2018
Reno Crime Control District	Reno	Citywide	Council as board	10/01/2010

To the Mayor and Members of the City Council

September 1, 2020

Page 3 of 3

**SUBJECT: CCPD BOARD AUTHORITY TO TAX RESIDENTIAL GAS AND ELECTRIC USE**

Special-Purpose District	Associated Municipality	Type of Boundary	Composition of Board	Effective Date
Richland Hills Crime Control District	Richland Hills	Citywide	Council as board	07/01/2010
Richwood Crime Control District	Richwood	Citywide	Appointed	07/01/2010
River Oaks Crime Control District	River Oaks	Citywide	Council as board	07/01/2010
Watauga Crime Control District	Watauga	Citywide	Council as board	04/01/2011