

By: Springer

S.B. No. 2470

A BILL TO BE ENTITLED

AN ACT

relating to the removal of a territory by a municipality

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 755.022 of the Tax Code, is amended to read as follows: (a) If a municipality completes all other procedures necessary to annex territory in a district and if the municipality intends to remove the territory from the district and be the sole provider of emergency services to the territory by the use of municipal personnel or by some method other than by use of the district, the municipality shall send written notice of those facts to the board board within 30 days of the date that the procedures necessary to annex territory are completed. The municipality must send the notice to the secretary of the board by certified mail, return receipt requested. The territory remains part of the district and does not become part of the municipality until the secretary of the board receives the notice. Within 30 days of receipt of the notice, the board shall adopt an order disannexing the property and notify the appraisal district to ~~immediately~~ change its records to show that the territory has been disannexed from the district, and the district shall cease to provide further services to the residents of that territory. This subsection does not require a municipality to remove from a district territory the municipality has annexed.

(a-1) Until the municipality reaches the same level of

1 services, infrastructure, and infrastructure maintenance as called  
2 for in Section 43.056 of the Local Government Code, if the district  
3 or its contracted service provider is dispatched or requested to  
4 provide services to the residents of the territory that is removed  
5 by the municipality after the territory is removed, the  
6 municipality shall compensate the district for the costs of such  
7 services within 30 days of receipt of a request for payment from the  
8 district at the amount established by the district that shall not  
9 exceed costs of providing services, including overhead. Payments  
10 due under this subsection shall be treated as contract payments due  
11 by the municipality and subject to Subchapter B of Chapter 2251 of  
12 the Texas Government Code and Section 2251.043 of the Texas  
13 Government Code.

14 (b) The disannexation of territory under this section does  
15 not diminish or impair the rights of the holders of any outstanding  
16 and unpaid bonds, warrants, or other obligations of the district  
17 including loans and lease-purchase agreements.

18 (c) If a municipality removes territory from a district that  
19 the municipality has annexed, the municipality shall compensate the  
20 district immediately after disannexation of the territory under  
21 Subsection (a) in an amount equal to the annexed territory's pro  
22 rata share of the district's bonded and other indebtedness as  
23 computed according to the formula in Subsection (e) or (e-1),  
24 whichever yields the greater amount. The district shall apply  
25 compensation received from a municipality under this subsection  
26 exclusively to the payment of the annexed territory's pro rata  
27 share of the district's bonded and other indebtedness.

1           (d) On the district's request, a municipality shall purchase  
2 from the district at fair market value any real or personal property  
3 used to provide emergency services in territory disannexed under  
4 this section.

5           (e) Unless Subsection (e-1) would yield a greater amount,  
6 the amount of compensation under Subsection (c) shall be determined  
7 by multiplying the district's total indebtedness at the time of the  
8 annexation by a fraction the numerator of which is the assessed  
9 value of the property to be annexed based on the most recent  
10 certified county property tax rolls at the time of annexation and  
11 the denominator of which is the total assessed value of the property  
12 of the district based on the most recent certified county property  
13 tax rolls at the time of annexation.

14           (e-1) Unless Subsection (e) would yield a greater amount,  
15 the amount of compensation under Subsection (c) shall be determined  
16 by multiplying the district's total indebtedness at the time of the  
17 annexation by a fraction:

18           (1) the numerator of which is the assessed value of the  
19 property to be annexed based on the most recent certified county  
20 property tax rolls at the time of annexation plus the total amount  
21 of the district's sales and use tax revenue collected by retailers  
22 located in the property to be annexed in the 12 months preceding the  
23 date of annexation, as reported by the comptroller; and

24           (2) the denominator of which is the total assessed value of  
25 the property of the district based on the most recent certified  
26 county property tax rolls at the time of annexation plus the total  
27 amount of the district's sales and use tax revenue collected by

1 retailers located in the district in the 12 months preceding the  
2 date of annexation, as reported by the comptroller.

3 (f) For purposes of this section, total indebtedness  
4 includes loans and lease-purchase agreements but does not include:

5 (1) a loan or lease-purchase agreement the district enters  
6 into after the district receives notice of the municipality's  
7 intent to annex district territory; or

8 (2) any indebtedness attributed to any real or personal  
9 property that the district requires a municipality to purchase  
10 under Subsection (d).

11 (g) The amount of compensation under Subsection (c) shall be  
12 determined under Subsection (e) regardless of whether Subsection  
13 (e-1) would yield a greater amount if:

14 (1) the municipality is a municipality described by Section  
15 775.014(h); and

16 (2) the municipality and the district enter into an  
17 agreement on or before September 1, 2019, regarding the district's  
18 bonded and other indebtedness.

19 SECTION 2. This Act takes effect September 1, 2023.