

By: Callegari

H.B. No. 2978

Substitute the following for H.B. No. 2978:

By: Callegari

C.S.H.B. No. 2978

A BILL TO BE ENTITLED

AN ACT

1 relating to strategic partnership agreements between  
2 municipalities and certain special districts.  
3

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

5 SECTION 1. Section 43.0751(a)(3), Local Government Code, is  
6 amended to read as follows:

7 (3) "Strategic partnership agreement" means a written  
8 agreement described by this section between a municipality and a  
9 district [~~that provides terms and conditions under which services~~  
10 ~~will be provided and funded by the parties to the agreement and~~  
11 ~~under which the district will continue to exist for an extended~~  
12 ~~period of time if the land within the district is annexed for~~  
13 ~~limited or full purposes by the municipality].~~

14 SECTION 2. Sections 43.0751(d), (f), and (i), Local  
15 Government Code, are amended to read as follows:

16 (d) Before the governing body of a municipality or a  
17 district adopts a strategic partnership agreement, it shall conduct  
18 two public hearings at which members of the public who wish to  
19 present testimony or evidence regarding the proposed agreement  
20 shall be given the opportunity to do so. Notice of public hearings  
21 conducted by the governing body of a municipality under this  
22 subsection shall be published in a newspaper of general circulation  
23 in the municipality and in the district. The notice must be in the  
24 format prescribed by Section 43.123(b) and must be published at

1 least once on or after the 20th day before each date. Notice of  
2 public hearings conducted by the governing body of a district under  
3 this subsection shall be given in accordance with the district's  
4 notification procedures for other matters of public importance.  
5 Any notice of a public hearing conducted under this subsection  
6 shall contain a statement of the purpose of the hearing, the date,  
7 time, and place of the hearing, and the location where copies of the  
8 proposed agreement may be obtained prior to the hearing. The  
9 governing bodies of a municipality and a district may conduct joint  
10 public hearings under this subsection, provided that at least one  
11 public hearing is conducted within the district. [~~A municipality  
12 may combine the public hearings and notices required by this  
13 subsection with the public hearings and notices required by Section  
14 43.124.~~]

15 (f) A strategic partnership agreement may provide for the  
16 following:

17 (1) limited-purpose annexation of the district on  
18 terms acceptable to the municipality and the district [~~under the~~  
19 ~~provisions of Subchapter F~~] provided that:

20 (A) the district shall continue in existence  
21 during the period of limited-purpose annexation; and

22 (B) Subchapter F does not apply to the  
23 limited-purpose annexation under the agreement;

24 (2) limited-purpose annexation of a district located  
25 in a county with a population of more than 3.3 million:

26 (A) only if the municipality does not require  
27 services, permits, or inspections or impose fees for services,

1 permits, or inspections within the district; and

2 (B) provided that this subsection does not  
3 prevent the municipality from providing services within the  
4 district if the provision of services:

5 (i) is specified and agreed to in [such  
6 amendments to the timing requirements of Sections 43.123(d)(2) and  
7 43.127(b) as may be necessary or convenient to effectuate the  
8 purposes of] the agreement;

9 (ii) is not solely the result of a  
10 regulatory plan adopted by the municipality in connection with the  
11 limited-purpose annexation of the district; and

12 (iii) is approved by the county in which the  
13 district is located;

14 (3) payments by the municipality to the district for  
15 services provided by the district;

16 (4) annexation of any commercial property in a  
17 district for full purposes by the municipality, notwithstanding any  
18 other provision of this code or the Water Code, except for the  
19 obligation of the municipality to provide, directly or through  
20 agreement with other units of government, full provision of  
21 municipal services to annexed territory, in lieu of any annexation  
22 of residential property or payment of any fee on residential  
23 property in lieu of annexation of residential property in the  
24 district authorized by this subsection;

25 (5) a full-purpose annexation provision on terms  
26 acceptable to the municipality and the district [that specifies one  
27 of the following:

1           ~~[(A) the date on which the land included within~~  
2 ~~the district's boundaries shall be converted from the~~  
3 ~~municipality's limited-purpose jurisdiction to its full-purpose~~  
4 ~~jurisdiction, provided that such date shall not be later than 10~~  
5 ~~years after the effective date of the strategic partnership~~  
6 ~~agreement; or~~

7           ~~[(B)(i) terms for payment of an annual fee to the~~  
8 ~~municipality by the district in lieu of full-purpose annexation,~~  
9 ~~the form in which each such payment must be tendered, a method of~~  
10 ~~calculating the fee, and the date by which each such payment must be~~  
11 ~~made; failure by a district to timely make an annual payment in lieu~~  
12 ~~of full-purpose annexation in the amount and form required by a~~  
13 ~~strategic partnership agreement shall be the only ground for~~  
14 ~~termination of the agreement with respect to annexation at the~~  
15 ~~option of the municipality;~~

16           ~~[(ii) to determine a reasonable fee to be derived~~  
17 ~~from residential property in a district, the municipality or the~~  
18 ~~district may request a cost-of-service study by an independent~~  
19 ~~third party agreeable to both parties if cost-of-service data~~  
20 ~~prepared by the municipality is not acceptable. Both parties shall~~  
21 ~~be equally responsible for the cost of the study, which shall~~  
22 ~~include an evaluation of the estimated annual cost of providing~~  
23 ~~municipal services to the residential portion of the district over~~  
24 ~~the next 10 years and the estimated annual amount of ad valorem~~  
25 ~~taxes from residential property the municipality would receive on~~  
26 ~~full-purpose annexation of the district over the next 10 years. The~~  
27 ~~fee shall not exceed the estimated annual amount of residential ad~~

1 ~~valorem taxes that would be derived by full-purpose annexation of~~  
2 ~~the district, less the estimated annual amount required to provide~~  
3 ~~municipal services to the residential property in the district if~~  
4 ~~annexed for full purposes. A fee determined through this~~  
5 ~~methodology is subject to renegotiation every 10 years at the~~  
6 ~~request of either party to the agreement following the same~~  
7 ~~procedure used to set the fee in the original agreement. This~~  
8 ~~methodology does not apply to fees from commercial property];~~

9 (6) conversion of the district to a limited district  
10 including some or all of the land included within the boundaries of  
11 the district, which conversion shall be effective on the  
12 full-purpose annexation conversion date established under  
13 Subdivision (5) [~~(5)(A)~~];

14 (7) agreements existing between districts and  
15 governmental bodies and private providers of municipal services in  
16 existence on the date a municipality evidences its intention by  
17 adopting a resolution to negotiate for a strategic partnership  
18 agreement with the district shall be continued and provision made  
19 for modifications to such existing agreements; and

20 (8) such other lawful terms that the parties consider  
21 appropriate.

22 (i) A [~~district that is negotiating for or that has adopted~~  
23 ~~a]~~ strategic partnership agreement may provide that the district  
24 shall not incur additional debt, liabilities, or obligations, to  
25 construct additional utility facilities, or sell or otherwise  
26 transfer property without prior approval of the municipality[~~7~~  
27 ~~which approval shall not be unreasonably withheld or delayed. An~~

1 ~~action taken in violation of this subsection is void].~~

2 SECTION 3. (a) This Act takes effect immediately if it  
3 receives a vote of two-thirds of all the members elected to each  
4 house, as provided by Section 39, Article III, Texas Constitution.  
5 If this Act does not receive the vote necessary for immediate  
6 effect, this Act takes effect September 1, 2003.

7 (b) A provision of a strategic partnership agreement  
8 entered into before the effective date of this Act that does not  
9 comply with Section 43.0751(f)(2), Local Government Code, as  
10 amended by this Act, is not enforceable after the effective date of  
11 this Act to the extent of the noncompliance.